

PRESS RELEASE

December 18, 2009

SAP Japan Co., Ltd.
SHARP Corporation
Nikken Sekkei Ltd.
Hewlett-Packard Japan, Ltd.
Mitsui Fudosan Co., Ltd.
e-solutions, inc.
Smart City Planning, Inc.
Future Design Center Incorporated Association

**An Alliance of Global Companies to participate in the Smart City Project
Opening at the Kashiwanoha Campus, working to become a Next-generation
Environmental City**

SAP AG, SHARP Corporation, Nikken Sekkei Ltd., Hewlett-Packard Japan, Ltd., Mitsui Fudosan Co., Ltd., e-solutions, inc., and the Future Design Center Incorporated Association (hereafter “FDC”) have joined forces to start the [Smart City Project] to present a technology model from Japan to the world.

■ Goals of the Smart City Project

The Smart City Project is a concrete implementation of problem-solving for national problems, which is a guiding concept of the FDC. This is the first project of FDC. The goals of this project are;

- ① Reduction in CO2 emissions through the promotion of the introduction of renewable energy sources and greater application of energy conservation technology and methods.
- ② Applicability to meet the local needs of various regions around the world
- ③ Improvement of Quality of Life
- ④ Contribution to environmental industries in Japan (including job creation)

The plan is to develop the cutting-edge models as “social systems” that can be delivered to Japan and the world.

■ An Enormous World Market, with a Wide Variety of Needs

The markets for energy & environment fields and related to the problem of global warming have started to grow drastically throughout the world, with an enormous global market being formed. However, in the various regions around the world there are widely-diverse needs and restrictions, including different existing electricity infrastructures, climate conditions and political circumstances, so it will not be a simple task to adapt to all requirements.

■ Problems with the Conventional Approach

Capturing a share of this enormous market is likely to be difficult with the conventional approach in Japan (see the 5 problems below), in spite of the fact that Japan can offer a great deal of superior environmental technology.

- ① “Galapagosation”: Focus too intently on technology and the Japan market, with little regard for world applicability
- ② Proving tests that center on verification of difficult technologies
- ③ Not taking the initiative, and just participating in proving tests outside Japan
- ④ Attempting to solve the problems by optimizing small pieces, resulting in negative impacts on the electricity grid as a whole
- ⑤ Business alliances in the form of consortiums that do not move forward on business development

■ Smart City Project Solution Proposals

In order to overcome these problems, the following measures will be implemented for the Smart City Project:

- ① Business development through an alliance of enterprises that possess advanced environmental technologies and world-wide channels
- ② Use of simulations to offer locally-optimized models to meet diverse needs and restrictions
- ③ Proceeding with commercialization through simultaneous development of the proving test plans and business plans
- ④ Real-life verification of the proving tests at the next-generation environmental city [Kashiwanoha Campus]
- ⑤ Design of a totally optimized Smart City model that is applicable to a wide-area electricity grid
- ⑥ Speedy project development through an alliance of companies with clearly defined roles and responsibilities.

In this way, mechanisms that can be applied to meet the diverse needs and varying restrictions of regions throughout the world will be designed.

■ Propulsion System

To drive this project, the joint venture [Smart City Planning, Inc.] was founded in September 2009. The participating companies are;

- SAP AG
- SHARP Corporation
- Nikken Sekkei Ltd.
- Hewlett-Packard Japan, Ltd.
- Mitsui Fudosan Co., Ltd.
- e-solutions, inc.

The plan is to be creating proposals (designs) for each area of the world from April 2010, with each of the participating companies contributing their cutting-edge technologies and data from proving tests implemented in each region. In addition to technical collaborations with the University of Tokyo, under agreement (planned) with the FDC, there are studies underway to evaluate the collaborations and combination possibilities among the communications infrastructure companies, EV-related companies, storage cell companies, building design companies and businesses related to high-voltage power delivery companies, and the potential for additional participants. Tokyo Electric Power Company (TEPCO) is an observer.

■ Roles of Participants

SAP believes that IT can help in building a sustainable society. SAP's participation in the [Smart City Project] underlines its commitment to sustainability – in its own practices as a company and as a maker of software that helps companies across diverse industries achieve their sustainability objectives. With its software for utilities companies, SAP is helping energy companies transform their businesses as the industry shifts toward smart grid technology and greater energy efficiency. Co-operation and co-innovation among energy providers, energy distributors and all parties involved in the energy sales process have become more important than ever. With this in mind, SAP is working to ensure that its applications integrate with energy infrastructures to enable the smart grid. Companies spanning three continents – North America, Europe and Asia – are already using advanced metering infrastructure (AMI) software from SAP to prepare for the transition to a more energy-efficient grid. Customers are using SAP AMI Integration for Utilities software to integrate smart meters with enterprise resource planning (ERP) and customer billing software from SAP.

SHARP Corporation is promoting the widespread adoption of solar cells throughout the world, and views the [Smart City Project] as an extremely important project to help achieve this goal. They also aim to improve their energy management technologies, which are closely related to electronic devices, one of their core business areas. At a time of high expectations for clean energy from throughout the world, SHARP is continuing to advance the solar cell technologies they have been developing for 50 years, and contributing to the realization of a low-carbon society.

Nikken Sekkei Ltd. is contributing to this project in the hope of contributing to society through better building construction. The goals of the [Smart City Project] match those of Nikken Sekkei. Their accumulated knowledge of building planning and urban planning, as well as their simulation technology and know-how will be a valuable asset for this project.

Hewlett-Packard is working to create a green society through their software and hardware services, and has been applying their efforts to green business on a global level. The [Smart City Project] is one element in the HP global strategy, and they hope to achieve results with world-wide applicability, making use of their accumulated know-how. On a global level, management of 65% of the electricity transmissions in the world is performed by HP or their partners, illustrating HP's global strength in the electricity industry. They are also experts in the technologies for device management via networks, and reciprocal billing and accounts systems among multiple enterprises.

Mitsui Fudosan Co., Ltd. has adopted a group statement of [Affluence and comfort for urban living], which they apply as they build communities and develop urban spaces striving for new appeal and added value. The key concept for the Kashiwanoha Campus development is [an urban development that supports the environment, healthy living, creativity and communication]. With a goal of creating an urban area with everlasting appeal, even as the values change across the generations, through the collaboration government, academia and the private citizens, the area is being developed with various facilities and community development. They have chosen to participate in the [Smart City Project] as one of the important projects among the many cutting-edge innovations that have already been started in this development.

e-solutions, inc. has produced a variety of projects in partnership with many leading enterprises in fields such as the environment, health and education. Making use of this experience and know-how, they aim to leverage the synergies among the participants in the [Smart City Project] to create new business related to CO2 reduction.

■ Future Design Center Incorporated Association Outline

- Established
July 1, 2009
- Base of operations
Kashiwanoha Campus facilities / Planned opening February 2010
(Address: Kashiwanoha Campus Block 151, Tower B-SB-5, Wakashiba 173-8, Kashiwa-shi, Chiba)
- Executives
 - FDC top advisor Hiroshi KOMIYAMA
(Chairman of the Mitsubishi Research Institute,
University of Tokyo Presidential Advisor)
 - FDC Center Chairman Keishin SASAKI
(President & CEO e-solutions, inc.)
 - FDC Center Chairman Koichi YAMADA
(Advisor to the Office of the President of the University of
Tokyo)
 - FDC Comptroller Takao KITABATA
(Vice President Institute for International Policy Studies,
Special Advisor Japan New Business Conferences)
 - FDC Executive Director Yuichirou AKASAKA
(Mitsui Fudosan Co. Ltd. Senior Manager Kashiwanoha
Campus City Project)
- Web site
<http://www.fdc.or.jp/>

■ Smart City Planning, Inc. Outline

- Established
September 17, 2009
- Capital and Participation fees
Total ¥ 130 million JPY
- Base of operations
Shiroyama Trust Tower 17F, 4-3-1 Toranomon, Minato-ku, Tokyo
- Representative
Representative Director Keishin SASAKI (President & CEO e-solutions, inc.)
- Smart City Project web site
<http://www.fdc.or.jp/j/project/index.html>

■ Contacts for Smart City Project

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Osaka public relations office TAKENAMI: 06-6625-3006 (direct)
- Nikken Sekkei Ltd. Public relations office TOYODA: 03-5226-3030 (switchboard)
- Hewlett-Packard Japan Corporate Communications Group OGAYA: 03-3512-7121 (switchboard)
- Mitsui Fudosan Co., Ltd. Public relations TAKAHASHI, MURAYAMA: 03-3246-3155 (switchboard)
- e-solutions, inc. Public relations KONDO: 03-5733-5033 (switchboard)
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