

Note: The following press release is an English translation of the Japanese-language original

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Notice of Purchase of Petroleum Products Sales Unit
from Mitsubishi Materials Energy Corp.

Japan Petroleum Exploration Co., Ltd. (hereinafter “JAPEX”) is pleased to announce that it has passed a resolution at a Board of Directors’ meeting held today to enter into a stock purchase agreement under which Mitsubishi Materials Energy Corp. will spin off its petroleum products sales unit into a new company and JAPEX will purchase 90% of the issued shares of the new company.

1. Reason for Purchase

JAPEX is conducting exploration and production activities to increase reserves of crude oil and natural gas in Japan. Besides exploration and production activities, in its core natural gas supply business, JAPEX is implementing gas integration as an efficient integrated operation system covering upstream, mid-stream, and downstream processes, aiming to develop a natural gas business model organically combining its facilities and service capabilities.

In line with its natural gas sales & marketing strategy, JAPEX is working to boost sales of natural gas and liquefied natural gas (LNG) by stepping up efforts to expand sales along existing natural gas pipelines and extending its transportation network. This includes constructing new gas pipelines and operating an LNG Satellite System to meet demand for LNG in regions not served by its gas pipeline network.

Meanwhile, Mitsubishi Materials Energy’s petroleum products sales unit has a nationwide network of marketing facilities, marketing expertise, and human resources. JAPEX believes that its purchase of Mitsubishi Materials Energy’s petroleum products sales unit can be expected to contribute not only to the continuation of petroleum products sales but also to the expansion of its natural gas and LNG sales, enabling it to meet the LNG requirements of Mitsubishi Materials Energy’s customers and to use the acquired marketing facilities to develop new LNG demand and expand LNG sales.

JAPEX is convinced that the purchase will contribute to the growth and profitability improvement of the JAPEX Group.

2. Method of Acquisition

Mitsubishi Materials Energy Corp. will spin off its petroleum products sales unit through a corporate separation (incorporation-type company split) effective November 1, 2009, and on the same day JAPEX will purchase from Mitsubishi Materials Energy Corp. 900 of the 1,000 issued shares of the new spin-off company.

3. Profile of New Company Subject to Stock Purchase

- (1) Corporate Name JAPEX Energy Co., Ltd.
- (2) Head Office 1-11-16 Takamatsu, Toshima-ku, Tokyo
- (3) Representative President & Representative Director Tadatsuna Koda
(Executive Vice President of JAPEX)
- (4) Business Purchase and sale of petroleum products, etc. and LNG
- (5) Paid-in Capital ¥90 million (provisional)
- (6) Issued Shares 1,000 shares (provisional)
- (7) Shareholder Mitsubishi Materials Energy Corp. 100%
- (8) Date of Incorporation November 1, 2009 (provisional)
- (9) End of Fiscal Year March 31
- (10) Number of Employees 21
- (11) Sales in petroleum products sales unit

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Net sales	¥35,043 million	¥33,001 million

4. Profile of Mitsubishi Materials Energy Corp. (as of March 31, 2009)

- (1) Corporate Name Mitsubishi Materials Energy Corp.
- (2) Head Office 1-11-16 Takamatsu, Toshima-ku, Tokyo
- (3) Representative Representative Director Tetsuo Kasukawa
- (4) Business Sale of petroleum products, sale of LPG and general high pressure gas, sale of chemical products, sale of auto accessories
- (5) Paid-in Capital ¥490 million
- (6) Shareholder Mitsubishi Materials Corporation 100%
- (7) Relationship with JAPEX Nothing of note

5. Number of Shares to be Purchased, Estimated Purchase Price, and Shares Held before and after Purchase

- (1) Number of shares held before change 0 shares (voting rights 0%)
- (2) Number of shares purchased 900 shares (purchase price to be determined)

Note: The purchase price will be determined by a method agreed upon by Mitsubishi Materials Energy Corp. and JAPEX. The purchase price will be announced at a later date.

- (3) Number of shares held after change 900 shares (voting rights 90%)

6. Schedule of Petroleum Products Sales Unit Purchase (Stock Purchase)

August 27, 2009	Meeting of Board of Directors to approve petroleum products sales unit purchase
Early September 2009	Conclusion of stock purchase agreement
November 1, 2009	Effective date of corporate separation
November 1, 2009	Effective date of stock purchase

7. Impact on Business Performance

Since the effective date of the purchase of shares in the new company is November 1, 2009, in the fiscal year ending March 31, 2010 the purchase is expected to have the effect of increasing consolidated net sales by around ¥10 billion. However, the impact on consolidated operating income, ordinary income, and net income will be insignificant.