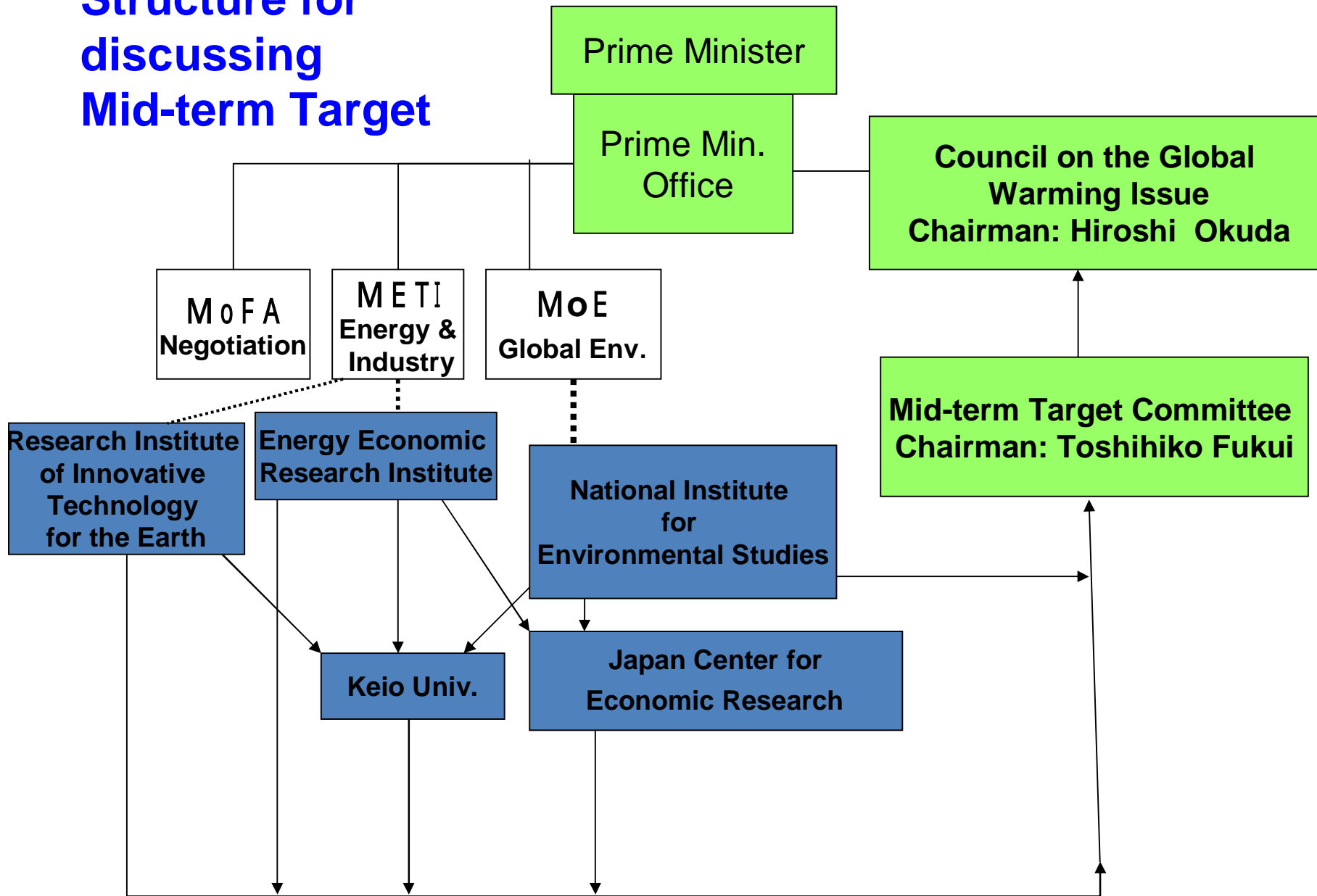


Structure for discussing Mid-term Target



Deliberations under the Mid-term Target Committee

The Mid-term Target Committee (Chairman: Toshihiko Fukui (former governor of Bank Of Japan)) was established under the Council on the Global Warming Issue (Chairman: Hiroshi Okuda (Senior Advisor of Toyota)) on Oct. 2008 to deliberate Japan's mid-term target.

The Committee comprised of members from research institutions, professors, etc aims to analyze Japan's mid-term target scientifically and theoretically.

The Committee plans to present " several alternatives".

Components of each "alternative"

(1) Target Level

- CO2 emission
(t-CO2, %reduction compared to 1990 levels)
- Marginal Abatement Cost (yen/ t-CO2)

(2) Elements to Realize (1)

(ex)

- Composition of Electric Generation
- Composition of Primary Energy Supply
- Technologies needed and its diffusion rate
- Production, activity of each sector

(3) Effects and impacts on the Japanese economy and society when realizing (1)

- Changes in GDP growth rate
- Impact on employment
- Burden on household budgets
- Effects on energy security

Accumulating Model

(a) Global Model
Model that enables a worldwide comparison using MAC

(b) Domestic Model
Model that accumulates technologies needed in detail

Macro General Equilibrium Model

Model that analyzes economic impact

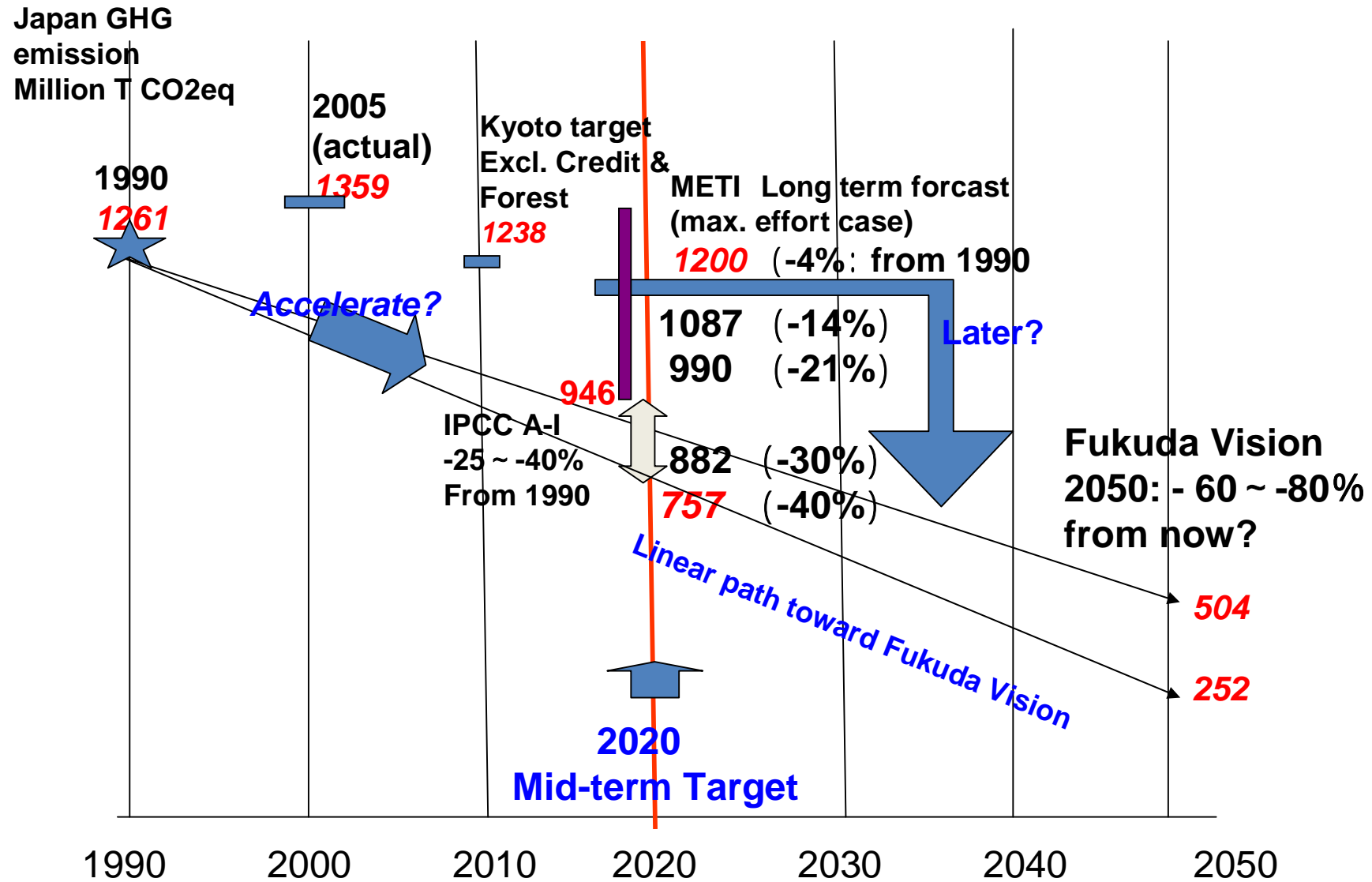
Preliminary analysis under the Committee

The Mid-term Target Committee conducted a preliminary analysis for about 30 different cases. Some of the cases considered in the preliminary analysis is as follows:

1. Equal MAC for all countries (ex: MAC \$0, \$20, \$50, \$100, \$150, \$200)
2. All Annex countries will achieve all reduction measures under the MAC equal to the MAC for country X (a country that has announced some kind of mid-term target) to meet its target.
(ex: MAC for EU to reduce 20% compared to 1990, MAC for EU to reduce 30% compared to 1990, MAC for USA to reduce emissions to 1990 level)
3. Supposing Annex countries will reduce 10% (or 25%) compared to 1990 levels as a whole:
 - Equal MAC
 - Equal cost for GDP per capita
 - All countries equally reduce 10%,25% compared to 1990 levels
4. Equal emission per capita supposing Annex countries will reduce emissions by 60% compared to 1990 levels by 2050, or compared to 2005 levels by 2050.

After reviewing the results from the preliminary analysis, the committee will refine its cases and choose several cases to permit a more precise and detailed analysis.

Exploring mid-term reduction target of Japan



Comparison of CO2 emissions (energetic origin) for each case

