

April 26, 2010

Sojitz Corporation

## **Sojitz to Implement Environmentally-Friendly Co-generation Project in Russian Far East**

**—Memorandum Signed with Russian Government-Linked Corporation—**

Sojitz Corporation signed a memorandum with the Vladivostok-based Far Eastern Center For Strategic Research on Fuel and Energy Complex Development, a Russian government-linked corporation, to deliver gas turbines manufactured by Kawasaki Heavy Industries and incidental equipment for a co-generation project in Russia's Far East.

The Russian Far East co-generation project involves the introduction of high-efficiency co-generation systems in cities and towns along the 1800-kilometer long pipeline that is scheduled to begin operating in 2012 and will link Sakhalin and Vladivostok via Khabarovsk as a part of the Russian government's efforts to raise energy efficiency and protect the environment.

During the first phase of the project, 30 gas turbines and incidental equipment will be installed by 2015, and the total value of orders is expected to be approximately 20 billion yen. Initially, one each of pilot plants with capacities of 1.5 MW, 3 MW, and 7 MW will be contracted in August of this year to start operating at the end of 2011.

Aging coal-fired boilers are in operation at approximately 5,000 locations in the Russian Far East. By replacing them with high-efficiency co-generation systems to provide electricity and hot water, efficient use of energy and drastic reduction of carbon dioxide emissions will become possible.

Sojitz and Kawasaki Heavy Industries have received an order for a co-generation system designed for use at the Asia-Pacific Economic Cooperation Conference (APEC) that will be held in Vladivostok, recognition of which led to the recent order. Kawasaki Heavy Industries' small gas turbine electric power equipment boasts the leading share of the global market. The key feature of this equipment is the ability to use both natural gas and diesel oil as the fuel.

Russia is the world's largest natural gas producer, and demand for environmentally-friendly co-generation systems that use natural gas as the fuel is rising. Sojitz will continue to focus its energies on projects that can contribute to the development of infrastructure in Russia.

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