

December 13, 2010

Sojitz Corporation
 Japan Climate Exchange Corporation
 Carbon Zero Shikoku General Incorporated Association

Japan Climate Exchange to Trade Emissions Credits in Shikoku Region

Project to Encourage Local Emissions Trade and Contribute to Preventing Global Warming

Japan Climate Exchange Corporation (JCX), which was established in April 2010 by Smart Energy Co., Ltd. and CoalinQ Corporation, a wholly-owned subsidiary of Sojitz Corporation have entered into a basic agreement with Carbon Zero Shikoku General Incorporated Association in Shikoku concerning an alliance for trading emissions credits in the Shikoku region.

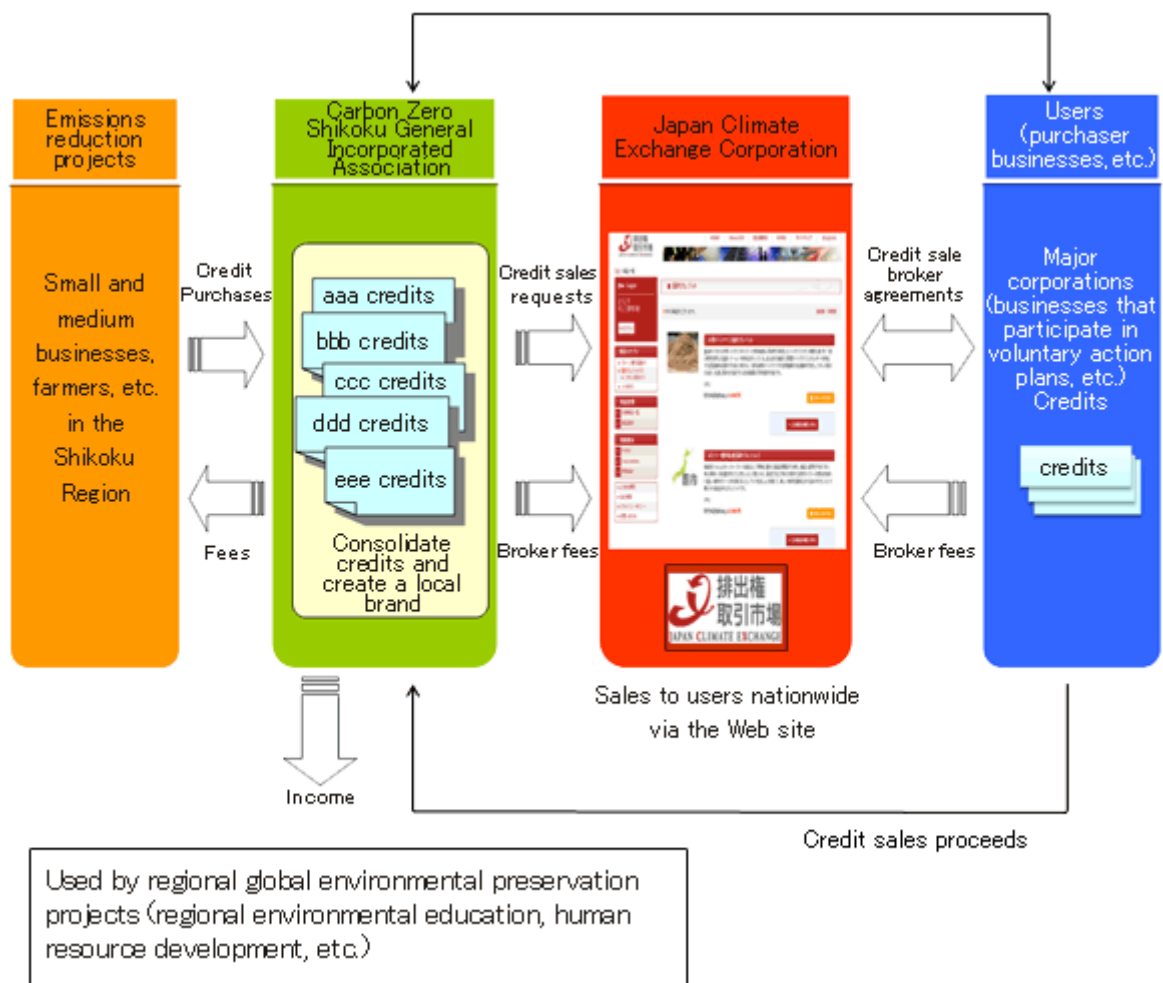


Diagram of the Alliance Scheme

Carbon Zero Shikoku is a general incorporated association that was established in October 2010 with the cooperation of local governments, economic organizations, and businesses in the Shikoku region including the Shikoku Bureau of Economy, Trade & Industry of the Ministry of Economy, Trade & Industry to support regional environmental preservation activities in Shikoku such as the Domestic Clean Development Mechanism*. Carbon Zero Shikoku recruits supporting members from among businesses that are based in Shikoku and purchases emissions credits preferentially from supporting members. This is the first project in Japan that limits the territory from which emissions credits are purchased to create a regional credit brand.

To date, plans for 24 emissions-reducing projects such as changing the fuel for kiln facilities at lumber plants and updating air conditioning facilities by installing heat pumps at a health center for the elderly have been approved, and seven of the projects have received credit approval for a total of 3,919 tons of carbon dioxide (from May 2009 to October 2010). Issues that the Domestic Clean Development Mechanism are facing include finding joint implemented (buyers) whose conditions match those of businesses that are reducing emissions (sellers) and difficulty in matching sellers with buyers because of the complexity of administrative procedures for high-volume purchasers when acquiring small-volume emissions credits.

Carbon Zero Shikoku will create a regional brand of emissions credits by consolidated credits into units of about 50 tons and sell them to supporting members and to users nationwide through the Web site of JCX that functions as an emissions credit market for all of Japan.

JCX expects that the domestic emissions trading volume will reach a total of 2.2 million tons by 2014 and will encourage emissions trading in Shikoku and nationwide and will contribute to local economic development and the prevention of global warming.

* The Domestic Clean Development Mechanism is a program that verifies the emissions reduction volumes of measure for cutting greenhouse gases implemented by small and medium businesses using technology and funds provided by major businesses and performs activities to support major businesses in achieving their goals for voluntary action plans and trial emissions trading schemes.

Reference Information

■ Overview of Japan Climate Exchange Corporation

Name	Japan Climate Exchange Corporation
Location	6-1-20 Akasaka, Minato-ku, Tokyo
Corporate Activities	(1) Operate an emission rights trading market; (2) Provide environmental information; (3) Advertising for environmental companies; and (4) All activities incidental or related to the above.
Shareholders	CoalinQ Corporation (60%), Smart Energy Co., Ltd. (40%)
URL	http://www.jcx.co.jp/

■ Overview of Carbon Zero Shikoku General Incorporated Association

Name	Carbon Zero Shikoku General Incorporate Association	
Location	3-1-1 Shiogami-cho, Takamatsu-shi, Kagawa Prefecture	
Corporate Activities	(1) Support of global environmental preservation activities in Shikoku; (2) Greenhouse gas emissions reduction support activities through the use of the Domestic Clean Development Mechanism; (3) Support of carbon offset businesses; and (4) All activities incidental or related to the above.	
Officers	Representative Director	Hideaki Okatani
	Director	Kishio Miyoshi
	Director	Hideo Nakamura
	Auditor	Naoki Iwamoto

###