

TOYO, Hitachi and Eastern Star Gas Agree to Conduct Feasibility Study on Electric-Motor-Driven Mid-Scale LNG Plant

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Toyo Engineering Corporation
Hitachi, Ltd.

Tokyo, Japan, May 24, 2010 - Toyo Engineering Corporation (TOYO) and Hitachi, Ltd. (NYSE:HIT/TSE:6501, "Hitachi") today announced that they have signed an agreement with Eastern Star Gas Limited (ESG), an Australian gas and coal seam gas (CSG)*¹ development company, to conduct a feasibility study for an electric-motor-driven Mid-Scale LNG plant in Newcastle in the state of New South Wales, Australia. ESG has plans to export LNG starting in 2014, and this study will investigate the economic feasibility of an electric-motor-driven Mid-Scale LNG plant.

At present, multiple CSG drilling projects are being conducted in Australia. ESG owns the largest CSG block in New South Wales, and has plans in hand to begin exporting LNG in 2014. ESG will begin by exporting 1 million tons of LNG to Japan and other countries in the first year of operations, eventually raising exports to over 4 million tons a year.

The electric-motor-driven Mid-Scale LNG plant to be studied was proposed jointly by TOYO, drawing on its strengths in project management and system integration gained in the plant engineering field, and Hitachi, leveraging its strengths in electric-motor-driven technology accumulated in rolling stock, steel plants and other areas, based on the LNG liquefaction technology supplied by Chart Energy & Chemicals, Inc. Compared to large base-load plants, this type of plant is progressively scalable, and the project period from initial consideration to completion of construction can be roughly halved. Coupled with the fact that they cost less to construct, these LNG plants are ideally suited for small- to medium-sized gas fields. This joint TOYO/Hitachi feasibility study will look at the economic feasibility of the LNG plant and technology related to all-electric systems.

In addition to this project, TOYO and Hitachi expect demand for small- and medium-scale LNG plants from other projects in the Asia-Pacific region, such as stranded gas fields*². The two companies therefore plan to jointly develop business in this area going forward.

*1 Called coal seam gas (CSG) in Australia, this gas is generally referred to as coalbed methane (CBM) and is extracted from coal seams and their surrounding areas.

