

**JFE Engineering to Build 270Km Gas Pipeline in Indonesia  
– South Sumatra-West Java Gas Pipeline Project –**

12 October 2005

JFE Engineering Corporation

TOKYO - JFE Engineering Corporation has received an approximately ¥20 billion order for Package 1 of the South Sumatra-West Java Gas Pipeline Project (SSWJ Project) from PT Perusahaan Gas Negara (PGN), the Indonesian national gas company.

JFE Engineering will build a 270km-long, 32inch -diameter land trunk line on Sumatra. The entire pipeline, which is aimed at stabilizing natural gas supplies in Indonesia, will be approximately 500km and run between the Pagardewa gas fields in South Sumatra to Serpong in West Java.

West Java is the largest consumer of natural gas in Indonesia and until now has depended primarily upon offshore gas fields, but the depletion of reserves has led to declining production in recent years and worries about shortages, prompting PGN to go forward with this project.

The pipeline will be built using the spread method (high-speed continuous execution) in which large items of construction equipment are used in tandem to continuously perform excavation, pipe laying, welding, inspection and reburying.

Special construction techniques will be used because of the difficulties with the route on Sumatra. Access to many of the construction sites is restricted and the pipeline must also traverse approximately 70km of downstream marshland.

JFE Engineering launched the International Business Development Center in April 2004 to actively pursue large overseas projects. This is the first of the special projects that it has earmarked. Completion of the project will improve economic levels and living standards in Indonesia, while enabling the country to make more effective use of its resources.

JFE Engineering has created an SSWJ Project Team in conjunction with this contract to oversee the project to a successful conclusion.

The Japan Bank for International Cooperation (JBIC) has provided a special yen loan of approximately ¥49.1 billion to fund the pipeline project.



For further information, please contact:

International Business Development Center  
JFE Engineering Corporation