

Beijing
 Hong Kong
 Bangkok
 Hanoi
 Jakarta
 Kuala Lumpur
 Manila
 Singapore
 Colombo
 Dhaka
 Islamabad
 New Delhi
 Sydney
 Moscow
 Frankfurt
 London
 Paris
 Dubai
 Cairo
 Nairobi
 New York
 Washington, D.C.
 Buenos Aires
 Lima
 Mexico City
 Rio de Janeiro
 Toronto



JBIC Project Finance Initiatives

Japanese Enterprise and Global Prosperity

Profile (As of March 31, 2005)

Japan Bank for International Cooperation
 4-1 Ohtemachi 1-chome, Chiyoda-ku, Tokyo 100-8144, Japan

Purpose

Japan Bank for International Cooperation has a statutory mandate to undertake lending and other operations for the promotion of Japanese exports, imports and economic activities overseas; for the stability of international financial order; and for economic and social development as well as economic stability in the developing economies, thereby contributing to the sound development of the Japanese economy as well as international economy. JBIC operates under the principle that it will not compete with financial institutions in the private sector.

Capital

International Financial Operations: 985.5 billion yen
 Overseas Economic Cooperation Operations: 6,891.2 billion yen

PROJECT FINANCE



Introduction

Project finance means a financial structure in which repayments for a loan provided for a project are made exclusively from the cash flows generated by the project while security for the loan is limited to the project assets, rights, and interests.

As project finance involves many participants and requires a diverse set of contracts, the negotiation process is very complicated. The participation of the Japan Bank for International Cooperation (JBIC) in these projects is expected to provide benefits such as securing the project structure and facilitating the negotiation and coordination process for financial structuring as well as reducing political risk associated with doing business in developing countries.

This booklet explains the role JBIC has played in the ever-changing world of project finance by providing examples of projects in which JBIC was involved.

It is also intended to assist Japanese companies planning to undertake such projects and financial institutions considering cofinancing with JBIC gain greater understanding of the process of project finance.

We hope this booklet will provide insight into the significance and role of JBIC's involvement in overseas project finance and encourage increasing numbers of Japanese companies to actively develop their overseas operations taking advantage of JBIC's functions.

CONTENTS

- 4 Project Finance and JBIC
- 6 JBIC Finance Menu
- 8 Loan Flowchart
- 10 Project Cases Studies
- 18 Overseas Network

Recent Trends in Project Finance

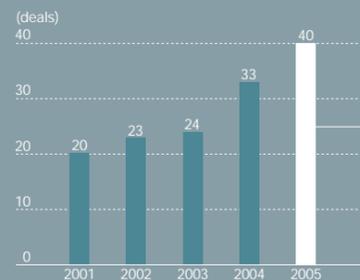
Following steady development into the mid-1990s, project finance entered a temporary period of stagnation due to the emergence of political risks such as the Asian currency crisis of the late '90s, balance sheet recession among Japanese companies, and the added impact of revisions in developing country portfolios by European and U.S. power companies. Recently, project finance has been enjoying renewed vigor as the economies of developing countries in Asia in which currency crises have been resolved, and in Latin America where two regions have demonstrated greater stability than developed countries, allowing those developing countries to re-emerge as markets with solid potential for return on investment. Also contributing to this resurgence of project finance is the widening acceptance of public-private partnerships (PPP) among developing countries and the returning of business performance by Japanese companies to a path of recovery.

Building upon a Solid Track Record to Meet Diverse Financing Needs

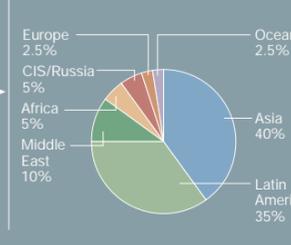
Since providing the first project finance loan in 1986 for the LNG Development Project in West Australia, JBIC has steadily expanded its sectoral reach into mineral resources, power and manufacturing. It has also expanded its operations geographically from Latin America and Asia to include Africa and the Middle East.

JBIC established its Project Finance Office (currently called the Project Finance Department) in 1988 as a specialized division for dealing with project finance. Since then JBIC has assumed a pioneering role among public financial institutions and has steadily built a track record in this area.

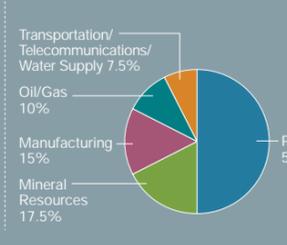
JBIC's PF Loan Commitments (Cumulative)



Loan Commitments by Region (as of December 31, 2005)



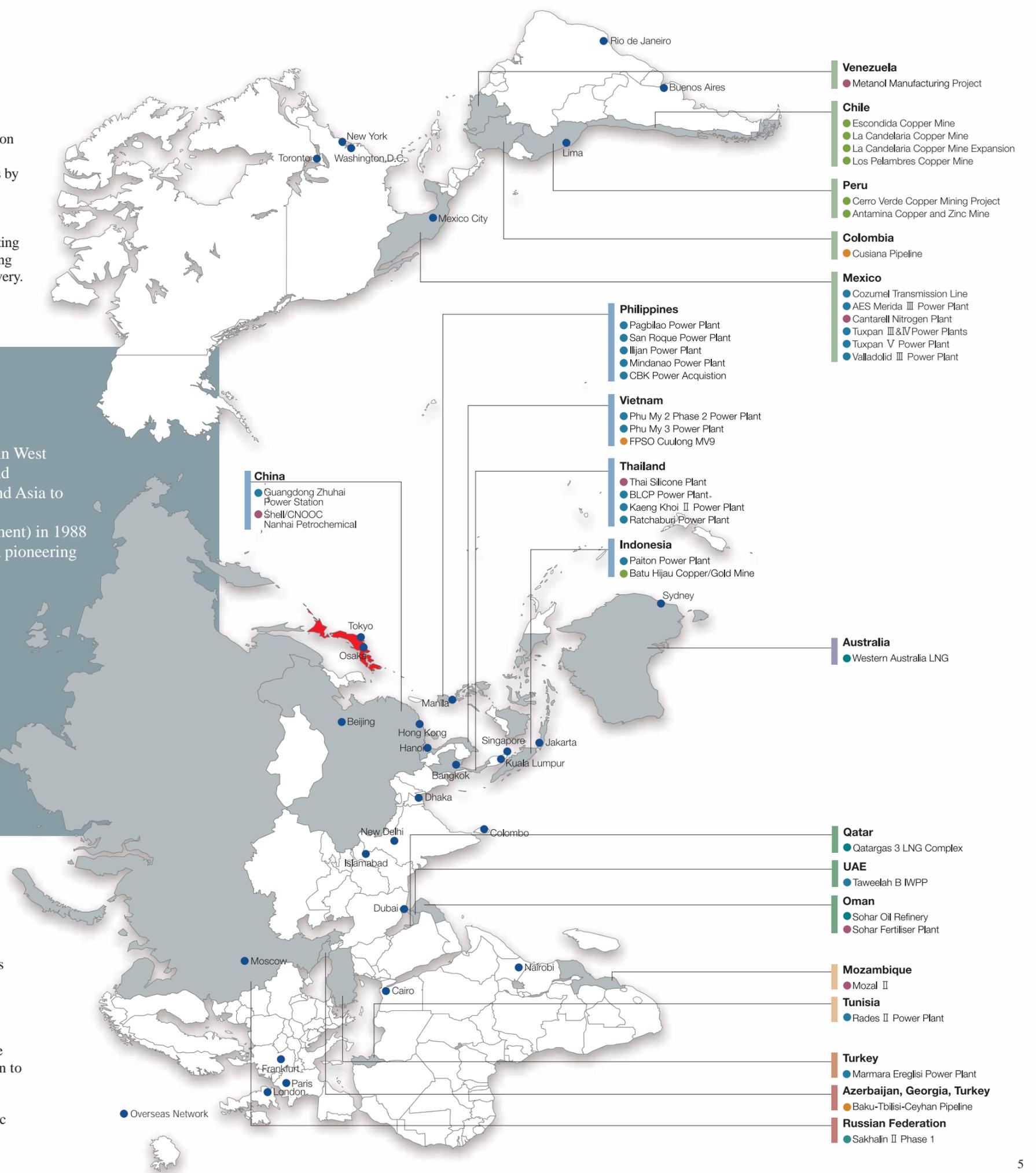
Loan Commitments by Sector (as of December 31, 2005)



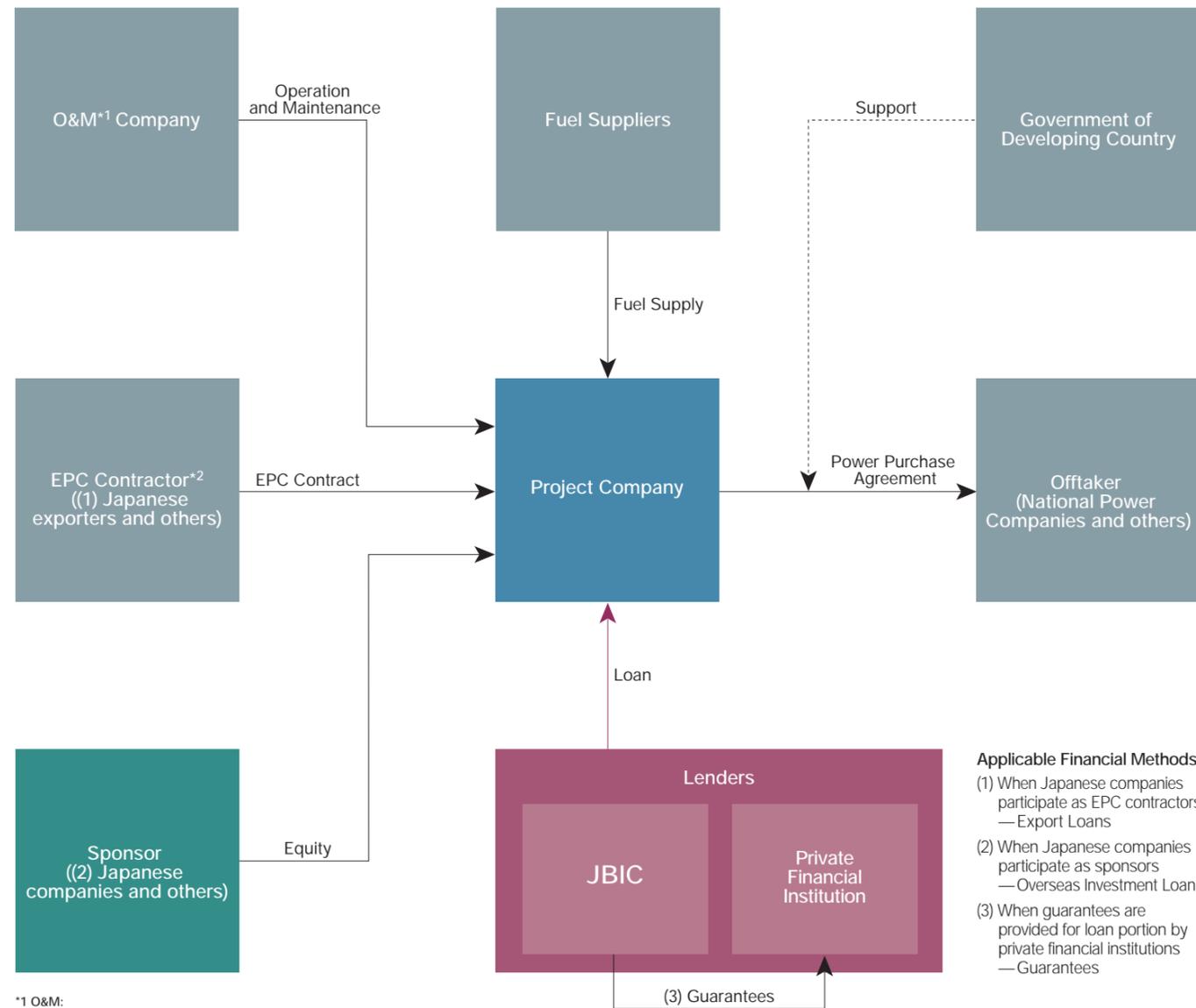
JBIC's Roles and Functions in Project Finance

By fully leveraging its abilities as a public institution, JBIC reduces and mitigates political risks of developing countries, leads negotiations and due diligence, plays the role of coordinator with international institutions and overseas government institutions on project structuring, and also takes the lead in conducting negotiations on project restructuring. JBIC's scope of financing has also expanded into projects that bear demand and product price risks as well as mezzanine financing.

We plan to actively undertake projects in the areas of transportation, telecommunications, water supply and treatment as well as renewable energy sources. In line with the dramatic increase of projects in Middle East, we will also take on the challenge of cooperation with financing within the framework of Islamic law and thereby structure process and efficiently implement projects. We plan to support Japanese companies in seizing new business opportunities by structuring "tailor-made" financing in response to the specific characteristics of projects that have become increasingly diversified, and by providing "hybrid" solutions combining various products offered by other public institutions and private financial institutions.

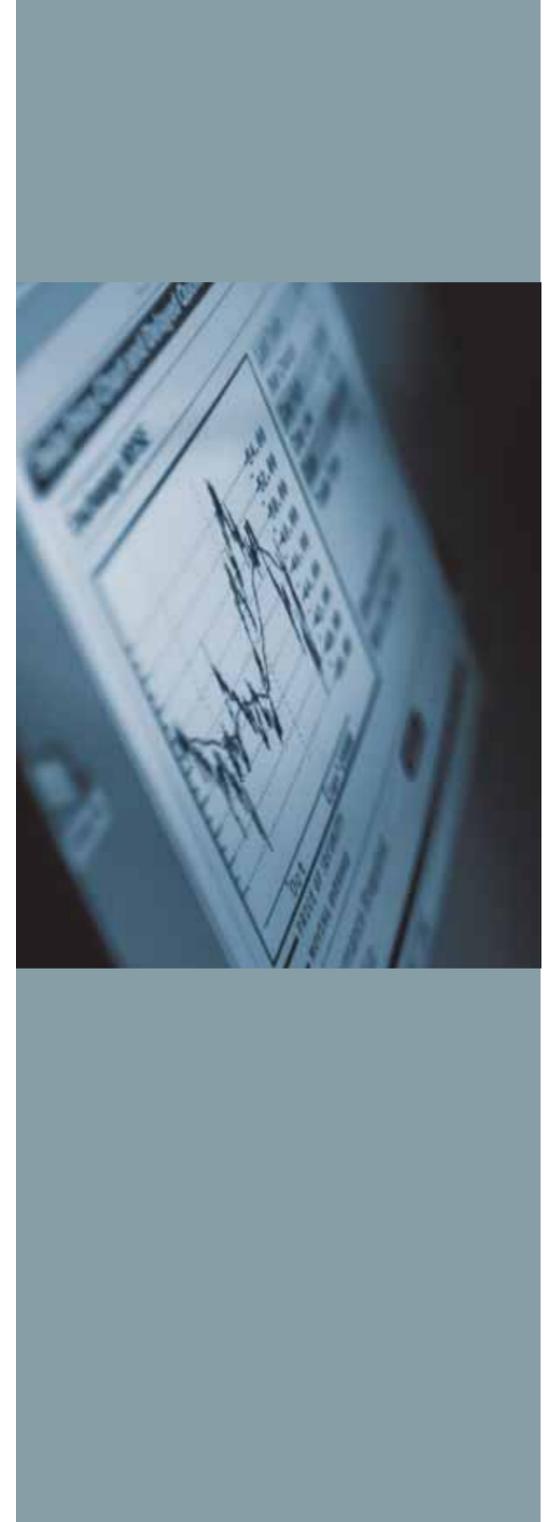


Project Structure (Power Project)



^{*1} O&M: Operation & Maintenance; firms that undertake project operation and maintenance
^{*2} EPC Contractor: Engineering, procurement and construction contractor

Applicable Financial Methods
 (1) When Japanese companies participate as EPC contractors — Export Loans
 (2) When Japanese companies participate as sponsors — Overseas Investment Loans
 (3) When guarantees are provided for loan portion by private financial institutions — Guarantees



Export Loans

Export loans support the export of Japanese plants and technology. Buyer's credit (B/C) to foreign importers is utilized under project finance. A major portion of Japan's plant industry consists of small and medium-sized enterprises. The export of plants through their collective technologies, such as power generating facilities and communications facilities, contribute to the development of a broad spectrum of industries. Although the provision of long-term financing to developing countries involves political risks that may arise from changes in domestic situations, export loans extended by JBIC are well suited to deal with such risks.

Overseas Investment Loans and Guarantees

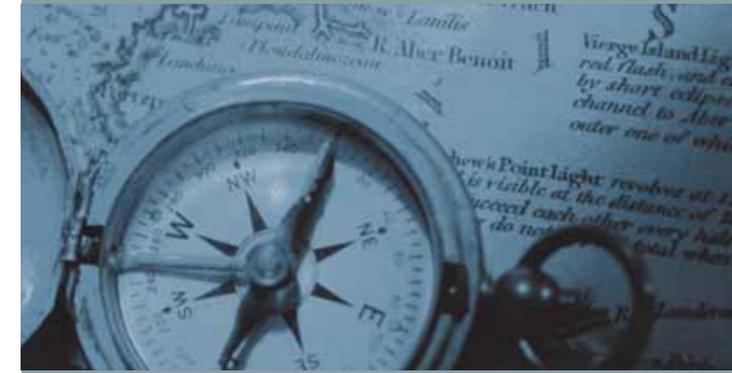
Overseas investment loans are intended for overseas investments by Japanese companies. Overseas investments by Japanese companies will lead to an advanced domestic industrial structure and a more efficient international division of labor. However, foreign investment involves risks such as an abrupt shift in economic policy in the host country, fiscal collapse, or economic turmoil. As a public lender, JBIC seeks to mitigate such risks through dialogue with host country governments and government agencies. With respect to project finance, JBIC provides guarantees to assist private finance institutions that participate in cofinancing, mainly under overseas investment loans. Apart from these services, JBIC also supports smooth project implementation through measures including extending loans for infrastructure construction related to the project, such as road and harbor facilities for transporting fuel and products.

A Variety of Financial Schemes for Comprehensively Supporting the Overseas Development of Japanese Companies

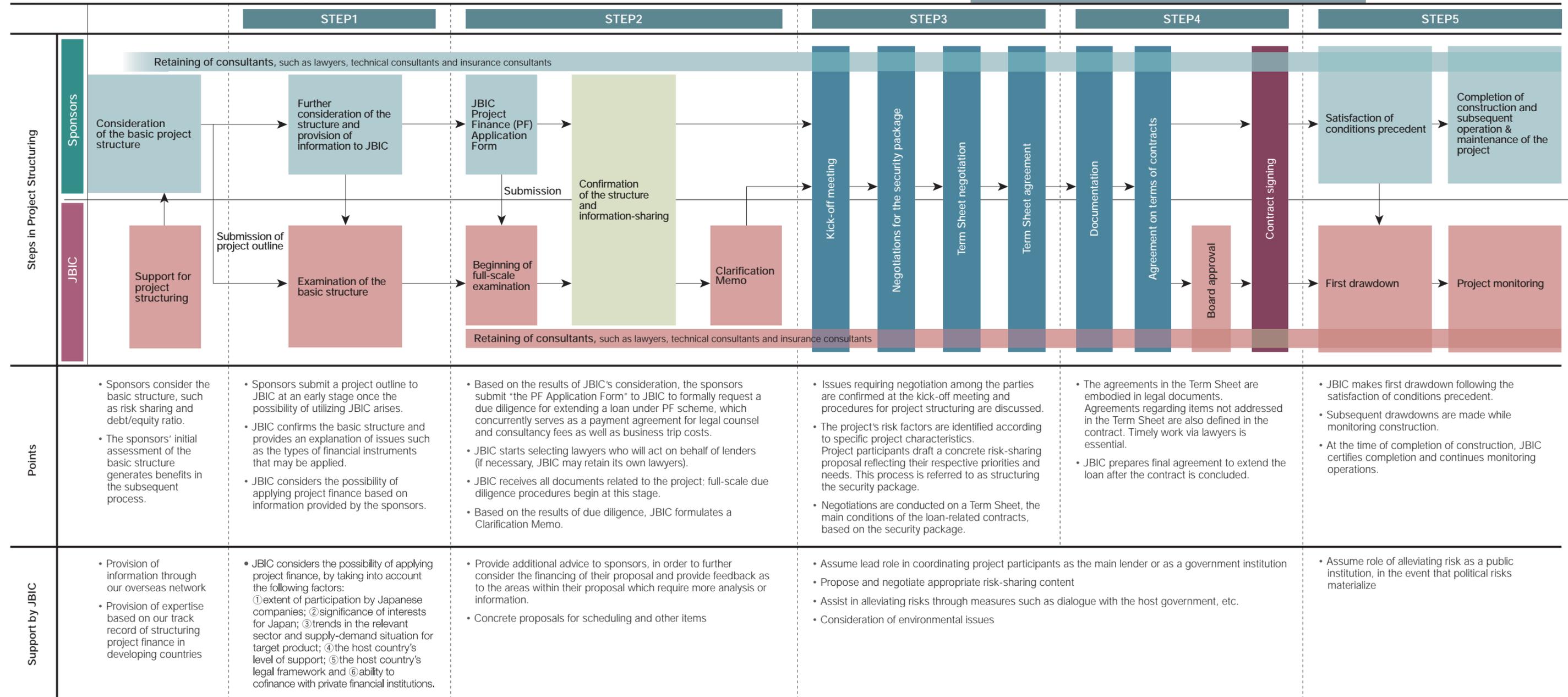
JBIC offers a varied financial menu that includes export loans, import loans, overseas investment loans, resource finance, untied loans, guarantees and ODA loans. JBIC extends project finance-based loans and guarantees utilizing this financial menu along with various financial schemes to provide multidimensional support for overseas economic activities undertaken by Japanese companies.

Leveraging Our Status as a Public Institution, JBIC Offers Support and Advice at Each Step of Finance Structuring

JBIC provides information and expertise to strengthen the structure of projects and contributes to strengthening project security through negotiation and coordination that take advantage of our characteristic status as a public institution and via the alleviation of risks through dialogues at the governmental level.



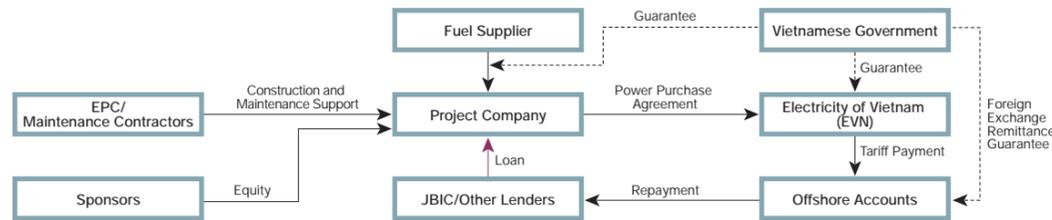
The chart below is an example of overseas investment loan extended by JBIC. In export loan, after the exporter submits a project outline, negotiations are undertaken with the borrower.



Project 1

Phu My 3 Natural Gas-fired Combined-Cycle Power Plant

- Assistance for Risk-taking by Japanese Companies that are Expanding Overseas Operations



Project Outline

Project Company:
Phu My 3 BOT Power Company Ltd.

Location:
Ba Ria-Vung Tau Province, southern Vietnam

Loan Signing:
June 2003
(Overseas Investment Loan)

Start of Commercial Operations:
March 2004

Sponsors:
BP Holdings B.V., SembCorp Utilities Pte. Ltd., Kyushu Electric Power Co., Inc., Nissho-Iwai Corporation (currently Sojitz Corporation)

Project Cost:
US\$412 million

Participating Japanese Companies:
Mizuho Corporate Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd.

Public Financial Institution:
Nippon Export and Investment Insurance, Asian Development Bank, Multilateral Investment Guarantee Agency



Loan Outline

JBIC has assigned priority to the power sector and provided ODA loans to support power and transmission projects. Since year 2001, JBIC has been strengthening its support for independent power producers (IPPs^{*1}) initiated by private sector, in addition to providing financial support for the public sector.

Japanese power utilities have been vigorously expanding their overseas operations by seeking business opportunities primarily in IPPs in developing countries. Today, however, the private financial sector can hardly take risks on loans extended to Vietnam.

Under these circumstances, JBIC signed a loan agreement in June 2003 for a maximum of US\$99 million with the Phu My 3 BOT Power Company, a project company incorporated in the Socialist Republic of Vietnam, for its Phu My 3 Power Project. Kyushu Electric Utilities, Nissho-Iwai and others have joint stakes in the Company.

Under the project, Phu My 3 BOT Power Company will build, operate a natural gas-fired power plant with a capacity of 717 MW in the Phu My Power Complex in Ba Ria-Vung Tau Province in southern Vietnam, 70 kilometers southeast of

Ho Chi Minh City, in a BOT scheme^{*2} and sell the electricity to Electricity of Vietnam (EVN). The power plant started commercial operations in March 2004.

The loan was cofinanced with Mizuho Corporate Bank and Fortis Bank of Belgium as structuring lead arrangers, along with the Asian Development Bank (ADB), and Bank of Tokyo-Mitsubishi UFJ, as well as Calyon Corporate and Investment Bank. The overall loan amount totaled US\$309 million.

This is the second project finance loan JBIC has extended for a large IPP project in Vietnam, following last year's Phu My 2.2 Project, for which JBIC provided US\$150 million. The cumulative effect of such deals is expected to increase confidence in large power projects in which Japanese businesses participate as key sponsors, and open the way for a greater number of similar projects, not only in the Vietnamese market but also in other developing countries.

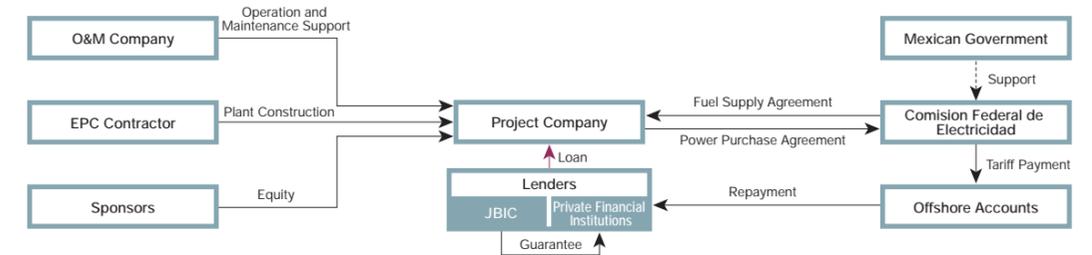
^{*1} IPPs: Independent power producers who build and operate their own power facilities to sell electricity to electric utilities.

^{*2} BOT scheme: A scheme under which private firms build and operate a project and transfer the facility to the host country after the project period ends.

Project 2

Tuxpan V Natural Gas-fired Combined-Cycle Power Plant

- Contribute to Japanese Companies in Maintaining and Developing Business Opportunities through JBIC's Support for a Series of IPP Projects in Mexico
- Guarantee Provided to Cover Political Risk in Mexico for Portion Financed by Private Financial Institutions



Project Outline

Project Company:
Electricidad Sol de Tuxpan

Location:
Tuxpan, State of Veracruz, Mexico

Loan Signing:
July 2004
(Overseas Investment Loan)

Sponsors:
Mitsubishi Corporation, Kyushu Electric Power Co., Inc.

Project Cost:
US\$300 million

Participating Japanese Companies:
Mitsubishi Heavy Industries, Ltd. (EPC Contractor), Mitsubishi Corporation (EPC Contractor), Mizuho Corporate Bank, Ltd. (Agent Bank), The Bank of Tokyo-Mitsubishi UFJ, Ltd.



Loan Outline

JBIC signed a loan agreement in July 2004 for up to US\$210 million with Electricidad Sol de Tuxpan, S. de R.L. de C.V. (EST), a company in which Mitsubishi Corporation and Kyushu Electric Power Co., Inc. have joint stakes. The loan will be cofinanced with a syndicate led by Mizuho Corporate Bank as the agent bank. JBIC also provides a guarantee that covers the political risk in Mexico for the portion financed by private financial institutions to provide indirect support to the international operations of Japanese banks.

The loan will provide long-term funding for EST to construct a natural gas-fired combined-cycle thermal power plant with a 495 MW capacity in Tuxpan, State of Veracruz, 250 kilometers northeast of the capital Mexico City, and to sell the electricity generated at the plant to the Federal Electricity Commission (Comision Federal de Electricidad; CFE) for a period of 25 years.

The Mexican government has been actively promoting independent power producer (IPP) projects since 1992 when the Electricity Law was amended. Following government policy, the project is undertaken on the basis of a BOO scheme^{*}. The project, which uses natural gas to promote the

utilization of clean energy, will thus contribute to achieving a stable power supply in Mexico. At the same time, Japanese companies regard the Mexican power sector as a promising market and have been actively investing in IPP projects in Mexico.

Intensive contract negotiations took place for this project toward the goal of reaching financial close before the start of construction. The most significant factor to successfully signing the loan contract in the short span of four months from project acceptance was that, apart from the CFE, all parties involved in the project, including the lead arranger, were Japanese companies that understood each other's strengths and interests. In addition, CFE, the offtaker, and JBIC understood the other party's risk tolerance and interests from a history of ten previous cases of direct loans extended by JBIC to CFE and five IPP/BLT projects in which JBIC had been involved. This made it possible for the CFE and JBIC to reach an agreement on the electricity supply contract within a short period of time.

^{*} BOO scheme: A scheme under which private firms build, own and operate facilities such as power plants.

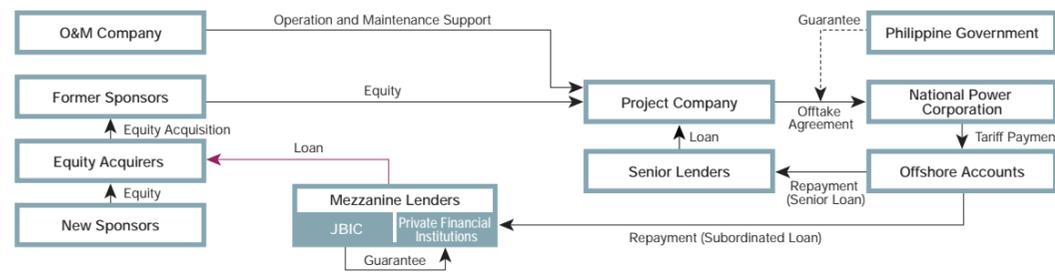
Project 3

Power



CBK Power Acquisition

- First Project Finance Loan to Support Japanese Companies to Acquire Stakes for Existing IPP Project
- Support for Japanese Companies' Acquisition of Existing IPP Assets from IPP Developers that are Scaling back Their Overseas Operations
- Transfer of Japanese Company's Advanced Technology as a Result of JBIC's Support to Japanese Company's Participation in Power Projects
- Political Risk Guarantee Covering the Cofinancing Loan by Private Financial Institutions



Project Outline

Project Company:
CBK Power Company Ltd.

Location:
Laguna Province, Philippines

Loan Signing:
March 2005
(Overseas Investment Loan)

Sponsors:
Electric Power Development Co., Ltd. (J-Power),
Sumitomo Corporation

Acquisition Cost:
¥23 billion

Participating Japanese Companies:
Mizuho Corporate Bank, Ltd.



Loan Outline

Recently, the number of acquisition transactions of overseas IPP projects is increasing, as a result of IPP developers (mainly from U.S. and Europe) did scale back their overseas operations. Japanese power utilities and major trading companies have been actively engaging in such acquisition projects (brownfield projects). In order to proceed IPP projects in developing countries, including brownfield projects, long term funding and appropriate control of political risk are essential. JBIC meets such needs through project finance loans and others.

As the first case of this kind of support, JBIC provided loan and guarantee in order to assist CBK Power acquisition deal, in which J-Power and Sumitomo Corporation acquired stake of this project and conduct power business.

JBIC cofinanced a project finance-based loan with private financial institutions (agent bank: Mizuho Corporate Bank) to CBK Netherlands Holdings B.V. (CBKNH), jointly established by J-Power and Sumitomo Corporation, to enable the acquisition of a stake for the project from its

former shareholders. In this transaction, status of this loan is subordinated to that of existing senior loan. For example, the source of repayment is limited to dividends/distribution from the project company to CBKNH. This kind of transaction is relatively new for private financial institutions.

In addition to these loans for acquisition of the stake, JBIC supported the new business development of private financial institutions by providing a guarantee covering political risk in the Philippines and the tariff payment risk of the National Power Corporation, the project's primary electricity buyer. This kind of risk-taking is difficult for private financial institutions to address.

Furthermore, this is the only project in the Philippines, which includes a pumped storage generation project. J-Power has a plenty of experience and expertise in this kind of project. Sumitomo Corporation has been conducting various types of business in the Philippines for the long time period. Engagement of these two companies to this unique project will make a large contribution to stable power supply in the Philippines.

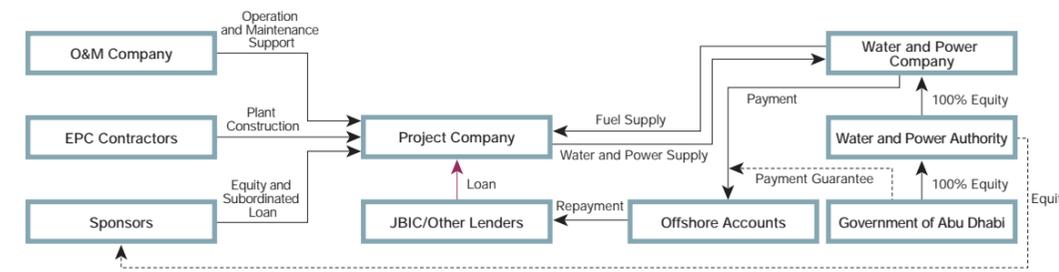
Project 4

Power



Taweelah B IWPP Project

- Create Business Opportunities for Japanese Companies Seeking to Expand Business in Fast-Growing Middle East Countries
- Cofinancing Involves 15 Financial Institutions for a 20-Year Loan Totaling US\$2,200 million
- Support an IWPP Project to Meet Strong Demand for Electricity and Water



Project Outline

Project Company:
Al Taweelah Asia Power Company PJSC

Location:
Taweelah, Abu Dhabi, UAE

Loan Signing:
April 2005
(Overseas Investment Loan)

Sponsors:
Marubeni Corporation,
JGC Corporation,
Abu Dhabi Water and Electricity Authority and others

Project Cost:
US\$3,163 million

Participating Japanese Companies:
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Mizuho Corporate Bank, Ltd.,
Sumitomo Mitsui Banking Corporation,

Participating Public Institution:
KfW Entwicklungsbank



Loan Outline

In April 2005 JBIC signed a loan agreement for the Taweelah B Power and Desalination Project with the Taweelah Asia Power Company (TAPCO), a company incorporated in Abu Dhabi of the United Arab Emirates (UAE), in which Marubeni Corporation, JGC Corporation, Abu Dhabi Water and Electricity Authority and others have equity stakes. The loan totaling an aggregate amount of US\$2,200 million was cofinanced with 15 financial institutions, including the Bank of Tokyo-Mitsubishi UFJ, Mizuho Corporate Bank and Sumitomo Mitsui Banking Corporation.

The loan will provide long-term funds to enable TAPCO to upgrade existing facilities for natural gas-fired combined cycle power generation and desalination plants and to expand plant facilities at Taweelah in Abu Dhabi, as well as to sell the electricity and water produced by the plants to the Abu Dhabi Water and Electricity Company for a period of 20 years. The project will increase the plant's total power generation capacity to 2,000 MW and total desalination capacity to 165 million gallons per day. This is the first loan that

JBIC has provided for a large infrastructure project in Abu Dhabi that utilizes project financing there. The Abu Dhabi government is actively promoting independent water and power producer (IWPP*) projects. In line with this government policy, the project is being undertaken on a BOO scheme.

Japanese companies consider power and water markets in the rapidly growing Middle Eastern countries as a promising destination for their investments and are considering investments in power and water projects in this region. This is the first IWPP project for both Marubeni Corporation and JGC Corporation in UAE, and the first large overseas investment for JGC Corporation.

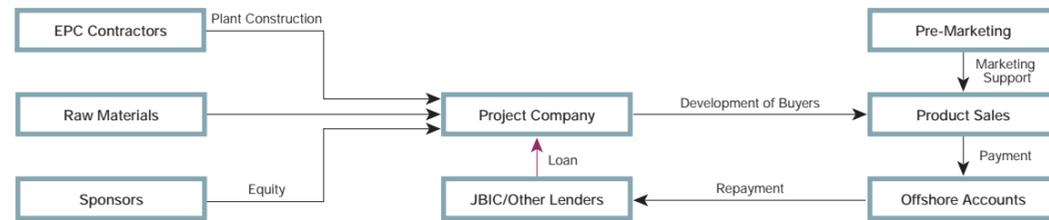
The project is expected to serve as a stepping stone for broader business operations by Japanese companies in the Middle East. JBIC continues to support their investment projects in this region.

* IWPP:
An independent water and power producer that builds and operates power generation and water desalination plants on its own and sells the electricity and water produced by the plants.

Project 5
Manufacturing

Shell/CNOOC Nanhai Petrochemical Project

- Support for Japanese companies in the Export of Plants for the Construction of One of the Largest Petrochemical Plants in China
- Appropriate Control of the Risks for Feedstock Supply and Sales



Project Outline

Project Company:
CNOOC and Shell Petrochemicals Company, Ltd.

Location:
Daya Bay Economic and Technical Development Zone, Huizhou, Guangdong Province, China

Loan Signing:
August 2003 (Export Loan)

Sponsors:
Shell Group, CNOOC, Guangdong Investment and Development Company

Project Cost:
US\$4,460 million

Participating Japanese Companies:
JGC Corporation, Mitsubishi Corporation, Chiyoda Corporation (EPC Contractor), The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Corporate Bank, Ltd., Sumitomo Mitsui Banking Corporation



Loan Outline

A number of projects are underway to meet increasing domestic demand for petrochemical products in China, a nation that is continuing to experience rapid economic growth. These projects include rehabilitation and expansion of existing plants, as well as construction of large-scale petrochemical plants through joint ventures with foreign investors.

The goal of this specific project is to boost the production of ethylene and other raw materials for petrochemical products by constructing one of the country's largest petrochemical plants at the Daya Bay Economic and Technical Development Zone near Huizhou in Guangdong Province.

The Project will be undertaken by CNOOC and Shell Petrochemicals Company Ltd. (CSPCL), which was established primarily through investments by the Shell Group, a major international petroleum enterprise, and China National Offshore Oil Corporation (CNOOC), a state-owned Chinese company. CSPCL signed EPC contracts with multiple contractors, including

JGC Corporation, Mitsubishi Corporation, and the Chiyoda Corporation of Japan, and will import the equipment and materials necessary for constructing the petrochemical plant in this project. JBIC, with cofinancing by private financial institutions, provided a buyer's credit of up to US\$150 million to CSPCL based on a limited recourse finance scheme.

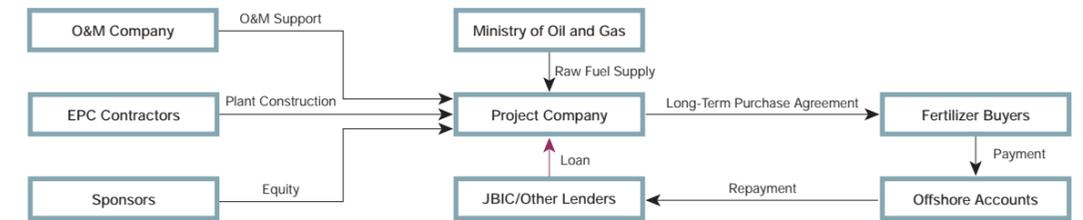
JBIC was successful in mitigating various risks associated with this loan, including the completion risk of the entire plant and the feedstock supply and sales risks that may be encountered once production commences at the plant. This loan supports the efforts of Japanese companies to export materials for large-scale plants.

In addition, the construction of the petrochemical plant in the Economic and Technical Development Zone of Guangdong Province will further assist China in increasing domestically supplied ethylene and other related petrochemical products.

Project 6
Manufacturing

Sohar Fertilizer Project

- First Project Finance Loan by JBIC for a Fertilizer Plant Project
- Loan Achieved by Appropriately Controlling Fluctuation Risk of Fertilizer Prices
- Supports Meeting Strong Fertilizer Demand Caused by Population Growth



Project Outline

Project Company:
Sohar International Urea & Chemical Industries S.A.O.C.

Location:
Sohar Industrial Port Area, Oman

Signing:
April 2005 (Export Loan)

Sponsors:
Suhail Bahwan Group

Project Cost:
US\$638 million

Participating Japanese Companies:
Mitsubishi Heavy Industries, Ltd. (EPC Contractor, O&M Support)

Participating Public Institution:
Nippon Export and Investment Insurance



Loan Outline

Demand for fertilizer has steadily increased in recent years reflecting worldwide population growth. On the other hand, the rising prices of natural gas, the primary feedstock and fuel for producing ammonia and urea, have led to the shutdown of existing plants, resulting in tight supply-demand conditions for fertilizer. Against this background, the construction of large-scale ammonia and urea plants is being planned in the Middle East, where gas can be purchased at lower cost.

Based on Oman Vision 2020, a long-term plan established in 1995, the government of Oman has been promoting the diversification of its industrial structure based on natural gas, and this fertilizer project constitutes a part of this long-term plan. In April 2005, JBIC signed a loan agreement for a maximum of US\$398 million with Sohar International Urea & Chemical Industries (SIUCI), an Omani corporation established by Suhail Bahwan Group, the largest conglomerate in Oman. The loan is cofinanced with the Tokyo Branch of Hong Kong and Shanghai Banking Corporation.

Under the project financed by this loan, SIUCI will construct, own and operate a plant with a daily urea production of 3,500 tons (annual production of 1,200,000 tons) in the Sohar Industrial Port Area, located 250km northwest of

Muscat, Oman's capital. SIUCI will then sell the finished urea product under the long-term offtake contract. The loan will meet the financial needs of SIUCI to purchase machinery and equipment, including compressors and turbines as well as services from Mitsubishi Heavy Industries, Ltd.

In light of the high competitiveness of this project based on inexpensive gas, JBIC decided to provide its first project finance loan for a fertilizer plant by appropriately controlling the fluctuation risk of fertilizer prices by drafting a flexible repayment schedule to address the rise and fall of market prices.

The negotiations for coming to agreement on concrete terms of the loan contract were difficult since, on the one hand, there was a need to ensure consistency among the related agreements in the project documents and, on the other hand, there was a need to coordinate project participants with various interests.

Under this project JBIC is also providing comprehensive support by extending untied loans to support the development of the Sohar Industrial Port Area where this fertilizer plant is located as well as the Sohar Port, a shipping port for the urea exports produced by the project. These supports are expected to further strengthen economic and business relationships between Oman and Japan.

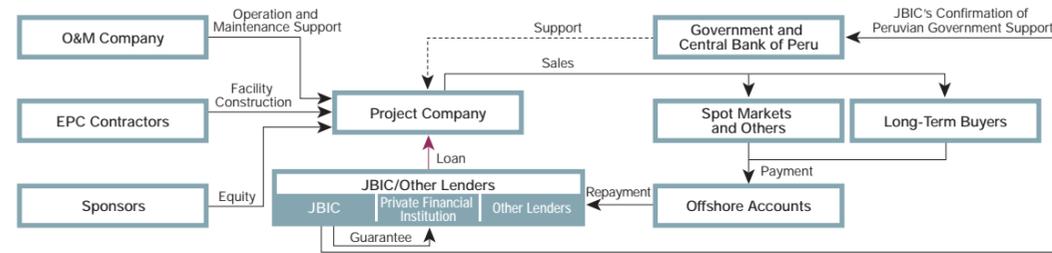
Project 7

Mineral Resources



Cerro Verde Copper Mining Project

- Financial Support for Securing Long-Term, Stable Supply of Copper Concentrate to Japan
- Peruvian Government's Recognition and Cooperation for the Project Obtained by Exercising the Bargaining Power Derived from JBIC's Public Status
- Provides Political Risk Guarantee for Financing Portion Cofinanced Portion of Japanese Private Financial Institutions



Project Outline

Location:
Cerro Verde Copper Mine,
Republic of Peru

Loan Signing:
September 2005
(Overseas Investment Loan)

Sponsors:
Phelps Dodge Corporation,
Compania de Minas
Buenaventura S.A.A.,
Sumitomo Metal Mining Co.,
Ltd.,
Sumitomo Corporation and
others

Project Cost:
US\$985 million

**Participating Japanese
Financial Institutions under
JBIC Political Risk Guarantee:**
Sumitomo Mitsui Banking
Corporation (agent bank),
The Bank of Tokyo-Mitsubishi
UFJ, Ltd.

Public Financial Institution:
KfW Entwicklungsbank



Loan Outline

Under this project, Sociedad Minera Cerro Verde S.A.A. (SMCV), a Peruvian company, will develop sulfide deposits in the Cerro Verde copper mine, in the southern region of Peru, to produce copper concentrate (annual production volume of approximately 180,000 tons) starting in the fourth quarter of 2006.

To undertake this project, Sumitomo Metal Mining and Sumitomo Corporation acquired a 21% equity stake in SMCV when SMCV increased its capital base, and Sumitomo Metal Mining signed a long term contract to purchase 50% of the copper concentrate produced for a 10-year period.

In September 2005, JBIC signed a loan agreement for a maximum of US\$247.5 million with SMCV, cofinanced with Japanese private financial institutions led by Sumitomo Mitsui Banking Corporation as the agent bank. Under this project, JBIC provided a political risk guarantee covering Japanese private financial institutions' portion.

Utilizing the strong relationship it has cultivated with the Peruvian government, JBIC also endeavored to indirectly mitigate the occurrence of political risks by obtaining and confirming government commitment to support the project. Furthermore, JBIC provided as much support as possible for project success, including the synergistic effect in cooperation with KfW, a German public institution. Japan relies on imports for all copper concentrate

(approximately 4.46 million tons in 2004) from which copper cathode is produced. With this background, JBIC has contributed not only financial assistance but has also supported Japanese companies to develop business in Peru and secured a stable, long-term supply of copper concentrate for Japan.

With respect to this project, the borrower aggressively demanded competitive terms and conditions that were more stringent than conventional loans due to rising market prices for copper. Nevertheless, JBIC stood firm throughout the process, at times leading the negotiations, utilizing its due diligence expertise for copper mine development projects toward the successful signing of the finance agreements.

The project also involves plans for funding through the issuance of U.S. dollar-denominated bonds targeting Peru's domestic institutional investors, and is therefore also expected to contribute to cultivating the country's capital markets. Moreover, the project uniquely addresses the project company's desire to further mitigation of political risk by inviting domestic institutional investors as creditors. In respect to relationships among lenders, including bond holders, JBIC cooperated with other lenders to create rational decision-making mechanisms to ensure the finance agreements appropriately represented the intentions of all parties.

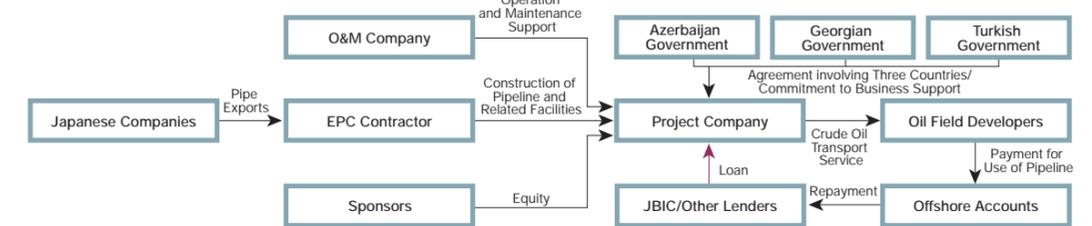
Project 8

Other



Baku-Tbilisi-Ceyhan Pipeline

- Contribution to Securing the Stable Supply of Energy Sources for Japan
- Maintaining and Raising the International Brand Name Reputation of Japanese Companies by Building a Track Record in Noteworthy Global Projects
- Demonstration of Negotiation and Coordination Capabilities in Structuring Deals Involving Many International and Governmental Institutions



Project Outline

Project Company:
The Baku-Tbilisi-Ceyhan
Pipeline Company

Location:
Republic of Azerbaijan,
Georgia, Republic of Turkey

Loan Signing:
February 2004
(Overseas Investment Loan
and Export Loan)

Sponsors:
British Petroleum p.l.c.,
The State Oil Company of
Azerbaijan Republic,
Unocal Corporation,
Statoil ASA,
Turkiye Petrolleri A.O.,
ENI S.p.A.,
TOTAL S.A.,
Itochu Oil Exploration Co., Ltd.,
ConocoPhillips Company,
INPEX Corporation,
Amerada Hess Corporation

Project Cost:
US\$3,619 million

**Participating Japanese
Companies:**
Sumitomo Corporation
(steel pipe exporter),
Marubeni-Itochu Steel Inc.
(steel pipe exporter),
Mitsui & Co., Ltd.
(steel pipe exporter),
Mizuho Corporate Bank, Ltd.

**Participating Public
Institutions:**
Nippon Export and Investment
Insurance,
International Finance Corporation,
European Bank for
Reconstruction and
Development,
Export-Import Bank of the
United States,
Export Credits Guarantee
Department,
Coface Group,
Euler Hermes
Kreditversicherungs-AG,
Servizi Assicurativi del
Commercio Estero,
Overseas Private Investment
Corporation



Image courtesy of British Petroleum p.l.c.

Loan Outline

In February 2004 JBIC signed loan agreements for a maximum of US\$580 million with the Baku-Tbilisi-Ceyhan Pipeline Company as The project company and Baku-Tbilisi-Ceyhan Pipeline Finance B.V. as the borrower for the Baku-Tbilisi-Ceyhan (BTC) Pipeline Project to establish the first-ever oil transportation route from the Caspian Sea to the Mediterranean Sea. These loans were cofinanced by private financial institutions with Mizuho Corporate Bank as the agent bank. In addition to JBIC, the total financing arrangement for this project includes other public institutions, such as Nippon Export and Investment Insurance, an independent administrative institution of Japan, International Finance Corporation (IFC) and the European Bank for Reconstruction and Development (EBRD).

With the total cost estimated to reach approximately US\$3.6 billion, investment in the BTC project represents one of the largest investments by foreign companies in a single project in the Caucasus region and in Turkey. This project is also the first instance for directly transporting crude oil produced mainly by the Azeri-Chirag-Gunashli (ACG) offshore oil field in the Caspian Sea to the Mediterranean Sea instead

of the Middle East or Black Sea route. The loans will provide funds to finance the construction and implementation of a 1,768km crude oil pipeline designed with daily capacity of 1 million barrels of oil from Baku in Azerbaijan to Ceyhan, a city located along the Mediterranean coast in Turkey, via Tbilisi in Georgia.

This project is operated and implemented by an international consortium, which includes Itochu Oil Exploration Co., Ltd. and INPEX Corporation, that is engaged in developmental activities at the ACG offshore oil field. Therefore, the project is expected to further secure stable energy sources for Japan. In addition, the project will help to maintain and strengthen the international brand name reputation of Japanese products, since Japanese companies have received contracts for pipeline facilities totaling approximately 40 billion yen. It is also anticipated that the project will encourage development of oil fields around the Caspian Sea and thereby lead to greater stability in the global oil supply. This project, which involves the establishment of international collaborative relationships among governments of related countries, is further expected to help stabilize the political situation in the region.

Overseas Network

Representative Office in Beijing

3131,31st Floor, China World Trade Center, No.1 Jian Guo Men Wai Avenue, Beijing 100004, The People's Republic of China
Tel. 86-10-6505-8989,3825,3826,3827,3828,1196,1197
Fax. 86-10-6505-3829,1198

Representative Office in Hong Kong

Suite 3111, Level 37, One Pacific Place, 88 Queensway, Hong Kong
Tel. 852-2869-8505,8506,8507 / Fax. 852-2869-8712

Representative Office in Bangkok

14th Floor, Nantawan Bldg., 161 Rajdamri Road, Bangkok 10330, Thailand
Tel. 66-2-252-5050 / Fax. 66-2-252-5514,5515

Representative Office in Hanoi

6th Floor, 63 Ly Thai To Street, Hanoi, Viet Nam
Tel. 84-4-8248934,8248935,8248936 / Fax. 84-4-8248937

Representative Office in Jakarta

Summitmas II 7th Floor, Jl. Jenderal Sudirman, Kav.61-62, Jakarta Selatan, Jakarta, Indonesia
Tel. 62-21-522-0693 / Fax. 62-21-520-0975

Representative Office in Kuala Lumpur

22nd Floor, UBN Tower, Letter BOX No.59, Jalan P.Ramlee 50250, Kuala Lumpur, Malaysia
Tel. 60-3-2072-3255,2201,2202 / Fax. 60-3-2072-2115

Representative Office in Manila

31st Floor, Citibank Tower, Valero St. corner Villar St., Makati, Metro Manila, Philippines
Tel. 63-2-848-1828, 63-2-752-5682 / Fax. 63-2-848-1833,1834,1835

Representative Office in Singapore

9 Raffles Place, #53-01 Republic Plaza, Singapore 048619
Tel. 65-6557-2806 / Fax. 65-6557-2807

Representative Office in Colombo

Level 13, Development Holdings 42, Navam Mawatha, Colombo 2, Sri Lanka
Tel. 94-11-230-0470 / Fax. 94-11-230-0473

Representative Office in Dhaka

IDB Bhaban(5th floor), E/8-A, Begum Rokeya Sharani, Sher-E-Bangla Nagar, Dhaka 1207, Bangladesh
Tel. 880-2-811-4081,6700 / Fax. 880-2-811-3336

Representative Office in Islamabad

5th Floor, Evacuee Trust Complex, Aga Khan Road, F-5/1 Islamabad, Pakistan
Tel. 92-51-2820119 / Fax. 92-51-2822546

Representative Office in New Delhi

3rd Floor, DLF Centre, Sansad Marg, New Delhi, 110001, India
Tel. 91-11-2371-4362, 4363, 7090, 6200
Fax. 91-11-2371-5066, 91-11-2373-8389

Representative Office in Sydney

Suite 2501, Level 25, Gateway, 1Macquarie Place, Sydney, N.S.W.2000, Australia
Tel. 61-2-9241-1388 / Fax. 61-2-9231-1053

Representative Office in Moscow

123610 Moscow, Krasnopresnenskaya Nab.12, World Trade Center, Office No.905, Russian Federation
Tel. 7-095-258-1832,1835,1836 / Fax. 7-095-258-1858

Representative Office in Frankfurt

Taunustor 2, 60311 Frankfurt am Main, Germany
Tel. 49-69-2385770 / Fax. 49-69-23857710

Representative Office in London

4th Floor, River Plate House, 7- 11 Finsbury Circus, London, EC2M 7EX, U.K.
Tel. 44-20-7638-0175 / Fax. 44-20-7638-2401

Representative Office in Paris

21, Boulevard de la Madeleine, 75038 Paris Cedex 01, France
Tel. 33-1-4703-6190 / Fax. 33-1-4703-3236

Representative Office in Dubai

Grosvenor House West Marina Beach Dubai Room #3611 PO Box 118500 Dubai, UAE
Tel. 971-50-396-0505

Representative Office in Cairo

Abu El Feda Bldg., 16th Floor, 3 Abu El Feda Street, Zamalek, Cairo, Egypt
Tel. 20-2-738-3608,3609 / Fax. 20-2-738-3607

Representative Office in Nairobi

6th Floor, International House, Mama Ngina Street, P.O.Box 49526, 00100 Nairobi, Kenya
Tel. 254-20-221420,221637 / Fax. 254-20-221569

Representative Office in New York

520 Madison Avenue, 40th Floor, New York, NY 10022, U.S.A.
Tel. 1-212-888-9500,9501,9502 / Fax. 1-212-888-9503

Representative Office in Washington, D.C.

1909 K St. N.W., Suite 300, Washington, D.C., 20006, U.S.A.
Tel. 1-202-785-5242 / Fax. 1-202-785-8484

Representative Office in Buenos Aires

Av. Del Libertador No.498, Piso19, 1001 Capital Federal, Buenos Aires, Argentina
Tel. 54-11-4394-1379,1803 / Fax. 54-11-4394-1763

Representative Office in Lima

Av. Canaval Moreyra No 380, San Isidro, Lima 27, Peru
Tel. 51-1-442-3031 / Fax. 51-1-440-9657

Representative Office in Mexico City

Paseo de la Reforma 265 Piso-16, Col. Cuauhtemoc, Mexico, D.F.06500, Mexico
Tel. 52-55-5525-67-90 / Fax. 52-55-5525-34-73

Representative Office in Rio de Janeiro

Praia de Botafogo, 228- 801 B, Botafogo, CEP.22359-900, Rio de Janeiro, RJ, Brazil
Tel. 55-21-2553-0817 / Fax. 55-21-2554-8798

Toronto Liaison Office

P.O.Box493, 2 First Canadian Place, Suite 3660, Toronto, Ontario, M5X 1E5, Canada
Tel. 1-416-865-1700 / Fax. 1-416-865-0124

CONTACTS

International Finance Department I

Tel. 81-3-5218-3058
Projects in Asia (excluding Central Asia and the Caucasus) and Oceania

International Finance Department II

Tel. 81-3-5218-3059
Projects in Central Asia and the Caucasus, the Middle East, Africa and Europe

International Finance Department III

Tel. 81-3-5218-3060
Projects in North America, Latin America and the Caribbean

Energy and Natural Resources Finance Department

Tel. 81-3-5218-3061
Resources Development Project by Japanese Companies

Corporate Finance Department

Tel. 81-3-5218-3062
Projects such as Investment Abroad by Japanese Companies

Project Finance Department

Tel. 81-3-5218-3070
Structuring and Advising on Project Finance

Head Office

4-1, Ohtemachi 1-Chome, Chiyoda-ku, Tokyo 100-8144, Japan
Tel. 81-3-5218-3101 (Public Relations Office)

Osaka Branch

13F, Aqua Dojima East 4-4 Dojimahama 1-Chome, Kita-ku, Osaka 530-0004, Japan
Tel. 81-6-6346-4770
Projects such as Investment Abroad by Japanese Companies in Western Japan

URL:<http://www.jbic.go.jp/english/>