

Euromoney's 1st Pan-Asia Project Finance Summit

B.O.T ASIA

Structuring... Financing... Implementation

EXPERT INTERNATIONAL SPEAKERS INCLUDE:

- **Ramish L. Mathias**, Chairman & CEO, Mass Transit Railway Corporation, Hong Kong
- **Richard Hart**, Managing Director, MTR Ltd, Malaysia
- **Geoff A. Hutchinson**, Executive Director, The Wharf (Holdings) Ltd, Hong Kong
- **Edward Chow**, Director Financial Operations, Bangkok Transit System Corporation, Thailand
- **Walter Hoville**, Chairman, CAPSER, Inc., ABB Inc., Canada
- **Jim Orlando**, Director, AT&T, Hong Kong
- **William R. Williams**, Chairman & Chief Executive Officer, Altresco International LLC, USA
- **William R. Thomson**, Vice President, Asian Development Bank, Republic of the Philippines
- **Koti Kashyapa**, Vice President, Financing, World Bank, USA

MAJOR BENEFITS OF ATTENDING - FIND OUT HOW TO:

1. Source out commercial opportunities for B.O.T. infrastructure projects in Asia
2. Devise new business strategies with international experts
3. Network with industry leaders from Asia and the world
4. Apply effective techniques for handling B.O.T. projects
5. Evaluate the key risks and contractual issues in B.O.T. project construction
6. Structure a bankable package for B.O.T. financing
7. Apply the lessons learnt from some of the region's largest and most successful project finance transactions: Thai Telephone and Telecom, Smartone Mobile Communications, AT&T, Western Harbour Crossing, Mass Transit Railway System, Bangkok Transit System, YTL, ABB Inc., Canada, Luzon Power Philippines, Cogentrix and Rayong Refinery, Thailand.

Featuring over 15
in-depth project finance
case studies worth in
excess of \$100 billion...

TELECOMS

- Smartone Mobile Communications Ltd (Barclays)
- AT&T
- Thai Telephone & Telecom, Thailand (Goldman Sachs Asia (HK) Ltd)

TRANSPORT

- Bangkok Transit System Corporation
- Mass Transit Railway System (Mass Transit Railway Corporation)
- Western Harbour Crossing (The Wharf (Holdings) Ltd)

ENERGY

- Luzon Power, Philippines
- ABB Inc., Canada
- Altresco International LLC
- YTL Ltd
- Cogentrix of Asia Ltd.
- Rayong Refinery, Thailand (NatWest Capital Markets)

OTHER INFRASTRUCTURE PROJECTS

- Lubuan Water Supply
- Lubuan Beaufort Interchange
- Jamul Maritime Terminal (IPCO International Ltd.)

Official Magazines:

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Asian
Business

**PROJECT
& TRADE
FINANCE**

B.O.T. ASIA PRESENTATION DRAFT

(slide One)

I am very pleased to be able to present Altresco's views on approaching successful development and financing of independent power projects in ASIA.

I'm going to address this topic by enumerating Altresco's three stage approach to constructing lasting and successful business relationships while moving toward a completed financing. Within each stage is a myriad of issues that if properly identified, understood, analyzed, planned for and given adequate attention to will form the fabric of a sound and praiseworthy Independent Power Project.

To illustrate the importance of using a staged approach, I'll share with you some learned experience from the U.S., the Philippines, and other parts of the world that reinforce the need to conduct each stage carefully in order to ensure success.

First, I'm sure it would be helpful if I took just a moment to let you know a little bit more about Altresco International.

The name Altresco was derived from the name Alternative Resources Company. Our original and continuing mission is to provide an alternative to the old inefficient, environmentally abusive forms of thermal and power generation that grew out the availability of cheap abundant fuel, rapid industrial growth, smaller populations and ignorance of the long term damage being done to the environment. Altresco was founded in 1986 and by 1990 was already providing cleaner, more efficient electricity for more than 160,000 homes plus providing a new source of steam to the 12 million square foot General Electric Pittsfield plant.

Today we are also helping to provide alternate ways for developing nations to obtain new affordable sources of electricity through alternative project and financing structures.

I am very proud of the fact that today the name Altresco is associated with honorable and sensitive business dealings, leading the pack on establishing higher environmental standards in an affordable way, responsibility and active contribution to the cities and towns where we are involved in projects and fair and open negotiations with our power customers.

Altresco International is today a group of seasoned professionals with a broad range of direct and related experience in the development of independent power projects.

(slide two)

Our corporate mission is to help bring Clean, Efficient, and Cost-Effective electrical power to nations, populations and industries. Responsiveness, quality, economy and reliability are the cornerstones of Altresco's business. Altresco's continued growth is based on providing a complete range of development services to its global clients and partners.

I've been asked that question and some days, I'm so tired I don't have a good answer. Sometimes this business seems almost Quixotic in it's nature. That is why it helps to have a more important goal than making money when you start into one of these projects. In order to succeed in this business you will need tenacity, patience, and willingness and ability to keep solving new problems that are not even related to anything that was on your original task list.

I can tell you from experience that, it is possible to structure projects that will fulfill this challenge.

If you have done your homework and built the trust and made sure that there is a benefit for everyone then you will be able to keep going even when the project dies its 22nd death. You will be able to do this because you will know that there are too many people who will benefit from the project for it to die.

Undertakings that are intrinsically good tend to survive because they deserve to happen.

However it is also my belief that projects that are not "balanced" will be never be free from attacks and problems until they die or become balanced. One more thing to remember is that just because the project is balanced from your point of view does not necessarily make it balanced in everyone's view.

One major note of caution I need to share. Many of the people you are dealing with during stage one will become friends. There will be a lot of hope for success among your new friends.

DON'T OVER PROMISE. Be very careful during this period to qualify your hopes and plans as tentative and dependant on many things.

This will not be easy. Many of your competitors will be promising that the project is "already financed" or "a done deal".

But, I must warn you, as the project evolves many thing will need to change in order for the project to go forward. Many of the people you hoped to do business with will not be able to provide the products or services that the final project will actually use. The boat simply will not carry all of the people and companies that want to be on it. Neither will you know at the beginning which will be able to participate in the final project.

Broken promises and or suddenly finding themselves left out can create enemies that no project can survive.

All of this discussion is meant to emphasize the need to plan to spend substantial time on Stage One of the development process as we at Altresco define it.

In Asia, I believe that this process and undertaking is what will separate the survivors from the failures.

It is also my belief that in Asia, if you take the time to build these relationships and nurture them they will grow to provide not only good business relationships but also very good and fulfilling friendships.

bankable project.

It is during this process that the manpower requirements of the project will start to grow rapidly. As you get a closer look at each piece of the puzzle you will discover that it is not one piece but in fact many pieces that were clustered together. One task will become two or six.

It is at this time that the tasks will need to be assigned to teams that have more specialized abilities in the different aspects of the development effort. These same teams will be the people that will follow through into the stage three activities and in some cases all the way to operations.

In the Luzon Power project we broke up the task assignments into teams staffed by personnel from the consortium members but with leadership of each team provided by the most appropriate and experienced people regardless of source.

(extemp. exhibit 2)

At this point in the development process the project starts to be taken seriously by potentially affected parties. As people come to fully understand the magnitude of the undertaking attitudes will sometimes change. Willing welcomes will suddenly have a price, neighbors will become afraid, situations that seemed to be fact will turn out to have been rumor. **ALL OF THESE ISSUES CAN BE SOLVED**, and many times the solution will even create more opportunity, but it takes a development team with flexibility.

Stage two is further complicated by the fact that every time one piece of the puzzle changes you must stop and review the impact that this change has had on all of the other pieces. This can be the place where the project leader throws in the towel. It can also be the place where the real long term relationships can start to cement or to fall apart.

Let me share a couple of examples of projects that only exist because of total flexibility during the stage two process:

Pittsfield:

From buying a three megawatt wood fired plant to developing a 160mw gas fired plant.
Fuel supply: A component of the plan keeps breaking into more pieces until an answer can be found. Breaking down the components of the gas supply into small enough components that the individual difference in the needs of gas producers, pipelines and Local Distribution company could be addressed.

Luzon Power

A 330 MW bunker C fired combustion turbine combined cycle to a 440mw cc combustion turbine to a 300 MW combined cycle low speed diesel engine.

A problem I see repeatedly in action is having one organization trying to integrate the

react similarly.

Thank you very much for the honor of your attention.