

IN THE PRESS

Recent Articles in the Press by TDJ:

"Pacific Basin LNG", *Financier Worldwide - Oil & Gas Supplement*, January

"TDJ 2004 Oil and Gas Deals and Review", *Infrastructure Journal*, February

"QGII: The Financing of a Landmark Transaction", *Infrastructure Journal*, March/April

"Privatisation and PPP in the Middle East", *Euromoney Privatisation and PPP Yearbook*, May/June

*** Special Highlights ***

TDJ is sponsoring 2 conferences in the first quarter of 2005, **ICBI Projects International** and **CGLA Annual Latin American Leadership Forum**. As a TDJ colleague or client, you can receive special discounts to the conference registrations. Please visit www.taylor-dejongh.com or email directly Nat Loke at nloke@taylor-dejongh.com for more details.

CONFERENCE SCHEDULE

FEBRUARY

Infocast Financing Latin American Energy Projects

Miami, FL - Terry Newendorp, Chairman and CEO, Speaker

MARCH

ICBI Projects International

Paris, France - Terry Newendorp, Chairman and CEO, Speaker and TDJ as Sponsor of Oil & Gas Summit

CWC GEPetrol and Oil & Gas in Equatorial Guinea

Kuala Lumpur, Malaysia - Terry Newendorp, Chairman and CEO, Invited Speaker

CGLA 3rd Annual Latin America Leadership Forum

Washington, DC - Terry Newendorp, Chairman and CEO, Speaker and TDJ as Sponsor

MEED Power and Water Conference

Abu Dhabi, UAE - Ramesh Raman, Senior Banker, Speaker and TDJ as Exhibitor

Visit our website at www.taylor-dejongh.com to view past conference presentations.

If your contact details require updating, or if you would like to be added to our mailing list for future issues of TDJ's NewsNViews, please email Nat Loke at nloke@taylor-dejongh.com.

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TAYLOR-DEJONGH

News'nViews

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- BTC - Best Deal of 2004

UPDATES

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GLOBAL FINANCIAL STRUCTURING



IJ's Awards Dinner at Victoria & Albert
Museum in London, UK

TDJ Closed an Award Winning Deal - Qatargas II

Taylor-DeJongh represented U.S. Ex-Im Bank and SACE in connection with the record-breaking US\$7.6 billion Qatargas II project financing, which is believed to be the largest ever energy project financing.

The Qatargas II project (QGII), a joint venture between Qatar Petroleum and ExxonMobil Qatargas II Limited for the production of condensate and LPG, and the supply of liquefied natural gas to the United Kingdom reached financial close on December 15th, 2004.

The QGII project breaks new ground in several ways: it is the first LNG project with full net-back pricing along the energy chain; the two trains are the largest LNG process trains constructed anywhere; and the financing includes the largest long-term Islamic project financing ever.

Taylor-DeJongh assisted the export credit agencies in negotiating the detailed financing terms and documentation. Over a six month period, Taylor-DeJongh performed extensive analysis of the underlying price risk and advised on appropriate financial structures to mitigate these and other risks. These terms and conditions were subsequently released to the commercial bank market once the negotiation with the export credit agencies and transaction structure were completed.

Qatargas II was nominated for and won **Middle East Gas Deal of Year** at PFI's Annual Award Dinner on January 20, 2005.

BTC Pipeline named 'Best Deal of 2004'

Baku-Tbilisi-Ceyhan Pipeline was named as a **Deal of the Year** in 2004 by 3 major industry publications, Infrastructure Journal, Project Finance International and Global Trade Review.

Taylor-DeJongh served as financial advisor to the seven member ECA consortium for the financing of the US\$3.6 billion Baku-Tbilisi-Ceyhan Pipeline. Taylor-DeJongh provided a full range of financial advisory services, including advising on: the project's

financial and commercial structure, project economics, lender collateral security issues, risk allocation and mitigation issues, financial and project documentation, and negotiations.

More details about this year's Award Dinners can be found on page 3. ■

2004 Deal Review by the Chairman

2004 was an outstanding year for Taylor-DeJongh in terms of world-class transactions on which we acted as financial advisors. We started the year with the continuation of our advisory on the Marathon/GEPetrol Equatorial Guinea LNG transaction, which reached FID in April and is currently in construction. Over the past two and one-half years, we have been deeply immersed in the capital structuring and financing plan for the US\$1.2bn project financing. A leader in the "new generation" Atlantic basin LNG projects, in that it has the feature of Henry Hub market pricing risk. Lenders have been asked to assess risk on a forward price curve basis - a major effort of market orientation by TDJ over the past 2 years.

We also have had the role as the financial advisor to the export credit agency tranche of debt in the Qatargas II transaction, advising U.S. Ex-Im Bank and SACE all year. The ECA loan was originally viewed by the sponsors and their advisor, RBS, as a foundation tranche on which to base the commercial bank financing. The ECA debt represented a US\$1.4bn segment of financing in what became a train 1 + train 2 financing, due to the overwhelming positive response from the European banks in the commercial bank syndication. This transaction, closed in mid December 2004, featured economic integration of the interests of both sponsors from upstream and liquefaction through the shipping and even the regasification terminal at Milford Haven in the UK. This deal also features the utilization of UK NBP gas pricing for the base case scenarios for the lenders.

Russia and Caspian Region

We started the year with the successful closing on the BTC pipeline, in which TDJ was the financial advisor for 7 export credit agencies providing more than US\$1.1bn of debt to this complicated and ground-breaking three country pipeline project. Taylor-DeJongh provided advice to JBIC, NEXI, U.S. Ex-Im Bank and 4 European ECAs over the course of more than 2 years. TDJ was instrumental in assisting resolution of the complex and multiple intercreditor issues with regard to security package and risk

allocations in this landmark project. We are pleased to have been publicly acknowledged as having such a significant role in accomplishing the financing of this project.

Furthermore, we are in the midst of a long term advisory engagement with Socar in Azerbaijan, which is a combination of strategic and financial advisory, as they look to reorganize themselves and structure numerous financings of selected projects.

In addition to BTC and Socar, we also had a number of transactions in the upstream and midstream sectors in Kazakhstan, where we expect to have growing activity in 2005 and beyond. And certainly not least in this geographic segment, we have been involved in a couple significant Russian oil and gas projects, including hydrocarbon export projects, which are extremely complex, and involve multiple parties within Russia and foreign investors.

South and Southeast Asia

In South and Southeast Asia we have several ongoing engagements involving gas pipeline, fertilizer/petrochemical, and an integrated upstream/pipeline/power generation in the region. All of the projects involve interesting combinations of commercial and political risk, for which Taylor-DeJongh's expertise is well suited. We look forward to bringing several of these deals to market by mid and late 2005.

Latin America and the Caribbean

Over a two-year period, Taylor-DeJongh has advised a syndicate of commercial banks regarding the foreclosure, restructuring, and sale of Eletrobolt, a Brazilian gas-fired power plant. TDJ performed a valuation of the asset in support of potential foreclosure proceedings, and advised the bank group on an eventual consensual settlement concluded with equity investors.

Following the settlement, TDJ advised the bank group regarding a restructuring of the original cross-border debt facilities. We also took an active role in asset management and cash flow planning on behalf of the bank group as owners of the facility.

TDJ is advising on the negotiation of a sale price and acquisition structure with the identified purchaser of the asset, with financial close expected in the first quarter of 2005.

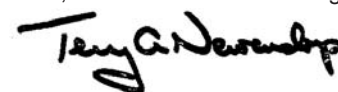
We also have the Jamaica LNG receiving terminal project on our docket, which has subsequently evolved into an interesting and innovative joint venture between the Government of Jamaica and Government of Trinidad and Tobago, with Trinidad's NGC supplying LNG from Atlantic LNG, as well as taking an equity position in the project.

Middle East and North Africa

Finally, in our traditional stronghold of the Middle East and North Africa, we've had yet another outstanding year, including bringing to market (for closing in first quarter 2005) the Samir refinery financing in Morocco, in which Taylor-DeJongh is teamed with BMCE Bank to provide advisory and lead arranging services for a financing for upgrade and refurbishment of existing refining capacity. In Egypt, Taylor-DeJongh is currently actively involved in both midstream and downstream (chemicals/petrochemicals) financings, which are still in early stages.

In the last quarter of the year, we have begun our advisory on the Q-Chem II project in Qatar, which is a highly complex transaction from a commercial and legal structuring standpoint. TDJ is advising U.S. Ex-Im Bank in its financing participation in this project and works closely with Royal Bank of Scotland, sponsor financial advisor, to target closing in 2005.

So we see that 2004 was a year in which interesting and complex transactions came to fruition, as well as new and even more ground-breaking projects have gotten underway. As always, TDJ continues to provide market leading analysis, innovation and successful closing on projects throughout the energy and infrastructure sector. We believe that 2005 and beyond will continue the trend both in terms of innovative commercial and capital structures, and in successful closings. ■



New Advisory: Q-Chem II Project in Qatar

Taylor-DeJongh has been awarded another landmark advisory engagement to represent U.S. Ex-Im Bank on the Q-Chem II project. The Q-Chem II Project is the follow-on project to the Q-Chem I Project, a joint venture between Qatar Petroleum ("QP") and Chevron Phillips, which commenced operations in 2003. The Project facilities consist of a petrochemical complex, an ethylene plant ("Cracker"), an ethylene pipeline ("Pipeline") connecting the plant to the complex, and facilities to be shared by Q-Chem I and Q-Chem II.

Taylor-DeJongh's responsibilities include detailed analysis of the project structure, and negotiation of the financing terms.

Taylor-DeJongh has advised both sponsors and lenders on multiple petrochemical and LNG transactions including three projects in Qatar. Taylor-DeJongh also recently advised U.S. Ex-Im Bank and SACE on the Rio Polimeros polyethylene project financing in Brazil. ■

Award Dinners in 2005

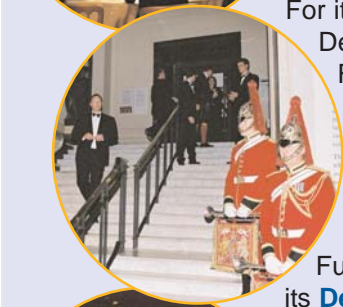


In January 2005, TDJ personnel both from Washington, DC and London offices attended the annual infrastructure awards dinners of Infrastructure Journal and Project Finance International. Both award dinners were held in London.

For its outstanding work in 2004, Taylor-DeJongh was nominated as Global Financial Advisor of the Year by Project Finance International. In addition, Infrastructure Journal named TDJ as one of the Top 5 Oil & Gas Financial Advisors of the Year again.

Furthermore, TDJ received recognition for its **Deals of the Year** in 2004. **Baku-Tbilisi-Ceyhan Pipeline** won "Middle East Oil Deal of the Year" from Project Finance International, and "Deal of the Year" from Infrastructure Journal and Global Trade Review.

TDJ also closed another monumental deal in 2004 - **QatarGasII**. The project won "Middle East Gas Deal of the Year" from Project Finance International. TDJ advised U.S. Ex-Im Bank and SACE, on this US\$7.6 billion LNG project, which is believed to be the largest ever energy project financing. The project reached financial close in mid December 2004. ■



JOPETROL UPDATE

Taylor-DeJongh is part of a multi-disciplinary consortium that has been retained by Jordan Petroleum Refinery Company (JPRC), the state oil company of Jordan, to develop a plan for modernizing the Jordanian refinery sector.

TDJ is currently advising JPRC in the expansion of its Zarka refinery. Phase I of the work includes a financial feasibility report on the US\$700 million expansion, and identifying potential sources of financing. TDJ is also performing a valuation of several business units of JPRC, including the Distribution and Retail business, and the LPG Cylinder and Lubricant Oil factories. ■

SOCAR UPDATE

Taylor-DeJongh, in collaboration with SALANS, ICF Consulting and PFC Energy, continues to assist SOCAR, the state oil company of Azerbaijan, in restructuring its operations. The consultant team has completed the due diligence process and is currently conducting analyses of the enterprises.

A task force, which is chaired by the president of SOCAR and includes directors and lead staff of many of the enterprises, has been established to work together with the consulting consortium to establish a road map that will enable SOCAR to conform to best international oil and gas industry practices. This vehicle will also prove valuable to put into action the specific transactions that may result from decisions by SOCAR's Board. ■