

PROJECT ABSTRACT
STRUCTURED AND CORPORATE FINANCE (SCF)

I. BASIC FACTS

Date:	July 20, 2007
Country:	Brazil
Project Name:	Embraport
Borrower:	<i>Empresa Brasileira de Terminais Portuários S.A.</i>
Sponsor:	Coimex Group

II. TRANSACTION FUNDAMENTALS

A. Project Structure

- 2.1 The Bank has been mandated by *Empresa Brasileira de Terminais Portuários S.A.* (“Embraport” or the “Company”) regarding the development, construction and operation of a fully-private greenfield container and liquid bulk port terminal located in Santos (the “Project”). The Project would be the largest private port terminal in Brazil.
- 2.2 The Project consists of the conception, design, financing, construction, operation and maintenance of a private port terminal that will be capable of handling both containers and liquid bulk (primarily ethanol). The terminal will move third party traffic as well as the sponsor’s own cargo. Once fully implemented, the Project will include a 1,100 meter quay cradle, 250 meter mooring pier for liquid bulk cargo, storage site of 600,000 m² for the storage of containers, a 100,000 m³ tanking park, pipeline system, administrative buildings (including customs facilities) and a bonded warehouse. Once complete, the Project would represent the largest private port facility in Brazil with capacity of up to 1.2 million containers and 5.0 cubic meters of liquid bulk handling capacity.

B. Project rationale

- 2.3 Embraport will be the largest private port terminal in Brazil and has the opportunity to capitalize on a growing need for a port terminal in a national and international community increasingly dependent on trade. Brazil’s export economy has greatly increased the importance of container port terminals. This is largely attributable to the increase of exported manufactured goods that are mainly containerized and which have grown at an average rate of 10.4 percent per year since 1996.
- 2.4 The increase of Brazilian exports and container growth clearly demonstrate the growing need for container port terminals in Brazil and this sector can greatly promote or inhibit Brazil’s continued emergence onto the international stage. In no region is this more critical than in the Port of Santos (“Santos”). As the leading

port in Brazil for handling containers, Santos has increasingly grown through its utilization of specialized container terminals, wholly operated by private enterprises.

- 2.5 Additionally, Embraport, through its pier for liquid bulk cargo, will be also able to enhance Brazil's exports of ethanol. As the ethanol market develops in Brazil and around the world as the result of growing environmental concerns, rising oil prices, and interest in energy security, the transport of ethanol both domestically in Brazil and worldwide will need to be serviced. As the country with the lowest total production costs from raw material to final product due to strong sugar production and longstanding experience (over 30 years) with ethanol production, Brazil looks to continue to advance itself as the world's leading ethanol exporter. São Paulo plays an influential role in this trade as it is responsible for 65% of national ethanol exports.

C. Developmental impact

- 2.6 The development objective of the Project is to create much-needed container and liquid bulk capacity at the most critical port facility in Brazil, which is currently stretched to its limit capacity. The Project would allow for sheer additional capacity and increase overall specialization at Santos by adding a well-designed facility with state-of-the-art equipment and management.
- 2.7 To measure the development outcomes of the Project, the following developmental indicators have been identified on a preliminary basis. During due diligence, the Project team will further specify and quantify each item (including baselines) for the tracking of developmental performance of the operation. The preliminary developmental objectives are considered as follows:

Table: Development Matrix (Examples of expected results of the project)

Item	Description
Goal	Additional capacity as well as further competition and specialization among existing port facilities which should ultimately increase the value of goods shipped through Santos
Purpose	<ul style="list-style-type: none"> • Estimated 1.0-1.2 million TEUs in additional container traffic • Estimated 4-5 million m³ in bulk liquids traffic • Competition benefits (lower wait times, handling and storage fees, etc.) • Higher degree of specialization among the existing terminals
Components	State-of-the-art facilities for the following: <ul style="list-style-type: none"> • 1,100m quay cradle for containers • 250m mooring pier for liquid bulk cargo • 600,000 m² in additional storage