

Yen Loan for Wind Power Generation Project in the Federative Republic of Brazil - A Project using wind resources and preserving the environment -

OECF (President, Chairman of the Board, Akira Nishigaki) is providing Brazil with a loan for the Ceará State Wind Power Plant Construction Project amounting to 6,020 million yen. The Loan Agreement was signed today, in the presence of Mr. Fernando Gimaraes Reis, Ambassador Extraordinary and Plenipotentiary, Federative Republic of Brazil, by Mr. Fransisco Assis Machado Neto, State Secretary of the State of Ceará and Mr. Akira Nishigaki, OECF's President, Chairman of the Board.

As a result, the cumulative total for OECF loan commitments to Brazil now stands at 192,895 million yen (12 commitments).

The amount and conditions of the Loan are as follows.

1. Loan amount and conditions

| Project | Amount (Million Yen) | Interest Rate (% p.a.) | Repayment Period (Grace Period) (years) | Tying Status |
|---|-------------------------|---------------------------|---|--------------------|
| Ceará State Wind Power Plant Construction Project | 6,020 | 4.0 (2.3)* | 25/7 | General- Untied |

* Consulting service

2. Project Description

Ceará State Wind Power Plant Construction Project

(1) Need for the Project

In Brazil, generation of electric power, for which ELETROBRAS, the national electric power corporation, was formerly responsible throughout the country, is now engaged in by private-sector entities. Following liberalization, regional electric power companies now have the task of supplying enough electric power to meet electricity needs. It is estimated that the growth rate of electricity demand in the north-eastern part of Brazil will be 5.3% till 2000 and 5.6% from 2001. In such a case, electricity demand in the area will exceed supply capacity in 2001. In the State of Ceará located in the north-east of Brazil, the Companhia Energética do Ceará (COELCE) has to meet this growing electricity demand. As a result of studies by the company, construction of wind power plants, which will not harm the environment and will take advantage of the wind resources of the area, was planned.

(2) Content of the Project

The content of the Project is as follows:

- Construction of 30MW wind-power plants in Paracuru and Camocim, State of Ceará (total of 60MW)
- Necessary improvement of substations and transmission lines to be connected to the two wind-power plants
- Consulting services

(3) Purpose of the Project

The purpose of this project is to generate electricity using wind power, taking advantage of the local conditions, preserving the environment and satisfying the growing electricity demand. In addition, this project is intended to serve as a model demonstrating the advantages of wind power generation, thus promoting the use of wind power generation in other parts of Brazil.

On completion of this project, it is expected that a stable supply of electricity for both residential and industrial use will be attained, with, in addition, creation of employment during construction and transfer of wind-power generation technology.

The loan is for civil works, procurement of materials and equipment, and consulting services.

The Executing Agency is the Companhia Energética do Ceará (COELCE) (Address: Av. Barão de Studart, 2917-Aldeota, CEP- 60127-900, Fortaleza-Ceará-Brasil, TEL 55-85-227-6529, 55-85-247-1114, FAX 55-85-272-4799)