

8 March 2004

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Dear Sirs

Thank you for your letter of 23rd February regarding our involvement in the BTC Pipeline Project, and for taking the time to contact us.

We note your questions and are aware of the article published in the Sunday Times.

In adopting The Equator Principles ("Principles") our aim is to ensure that the projects we finance are developed in a manner that is socially responsible and reflects sound environmental management practices. We are fully aware of our obligations under the Principles and take our commitment to them very seriously.

A significant amount of time and effort has been expended on ensuring that the construction and operation of the BTC Pipeline Project will correspond to the highest environmental and social standards.

This effort has secured international support from a range of government bodies including:

- the Governments of the three countries who host the pipeline;
- The multilateral lending agencies, EBRD and IFC, and their shareholding governments, including the UK Department for International Development;
- The Export Credit Agencies representing the UK, US, Japan, Italy, Germany and France.

All of these institutions have satisfied themselves that this project meets the standards required by them. Indeed the Principles were originally formulated under the leadership of the IFC. The banks have been advised by an independent environmental consultant (Mott MacDonald) that the project is compliant with the Principles. Lastly, the UK Government's Department for International Development has confirmed to us that their Secretary of State's statement to Parliament of 5th November 2003 still stands. In that statement the UK Government is unequivocal in its support.

To give ongoing re-assurance, the project's progress will be monitored by the Lenders' own independent consultant (D'Appolonia) to ensure it remains compliant for the duration of the loan period.

As a lender we are satisfied that the appraisal and monitoring process is robust. Environmental and Social Action Plans (ESAPs), as required by the Principles, are in place as is the due process for monitoring the progress of the project in meeting its obligations under the ESAPs and for dealing with any issues relating to environmental compliance as they arise.

In terms of the specific questions that you raise we would suggest that they are best directed towards the BTC Consortium who are responsible for the project's implementation.

Yours sincerely

A handwritten signature in black ink, appearing to read "Steve Mills". The signature is written in a cursive style with a long, sweeping underline.

Steve Mills
Head of Oil & Gas
Structured Finance