

April 26, 2005  
Marubeni Corporation

## **Divestiture of Chandra Asri Project and Acquisition of Majority Interest in Musi Pulp Project**

Japan Indonesia Petrochemical Investment Corporation (“JIPIC”), a subsidiary company of Marubeni Corporation (“Marubeni”) and Commerzbank International Trust (Singapore) Ltd. (“CITS”) have come to a basic agreement today that JIPIC will sell its shares and loan in PT. Chandra Asri (“CA”) to CITS, in return receiving the rights over the assets of Musi Pulp Project.

Definitive agreements will be expected to be entered into in next few months after obtaining all necessary approvals from relevant authorities and other parties concerned along with required documentations.

Through this transaction as described below, Marubeni group will achieve complete divestiture of CA Project and will simultaneously strengthen its pulp and paper business by obtaining majority interests in Musi Pulp Project.

Assuming this transaction to be completed, Marubeni has posted its consolidated loss of J¥21.3 billion in its financial report of fiscal year 2004 as has been separately disclosed today.

### **1. Background of the subject transaction and Marubeni Group’s Objectives**

CA project started its commercial operation in 1995 as one of the large scale Japan-Indonesian economic cooperation projects. Through 10 years of its operation and continuous effort in technical transfer and human resources development, CA has completely achieved the running of its operation by the Indonesian management.

Although CA was affected by Asian Monetary Crisis in middle to late 90s and Marubeni has continued to post notable consolidated losses during that time, CA has done various necessary measures towards more efficiency in operation and completed financial restructuring by obtaining quite a few concerned parties’ cooperation and understanding, resulting in significant improvement of its financial foundations. Further, favorable market situation in 2004 has brought

CA a first ever net profit for its fiscal year 2004.

Notwithstanding the improvement in CA, Marubeni categorizes CA project in its business mapping, as a “Non-core” business since Marubeni group finds its voting power as a minority shareholder in the project very limited as well as its observation of fluctuating market for both raw material and final products of the project. As such, while working very hard to improve CA’s efficiency, Marubeni has since last year been looking for its exit possibilities together with its local partners in the project vis a vis certain players in petrochemical industry.

Meanwhile, Marubeni had been taking various measures of further involvement in Musi Pulp Project in which it already holds certain equity interest together with PT Barito Pacific Timber (“BPT”), in an aim to acquire a majority control over the project, and to that end, has eventually increased its equity ratio in PT Tanjungenim Lestari Pulp and Paper (“TEL”) and PT Musi Hutan Persada (“MHP”) over past years. Recently, knowing that BPT and CITS were in negotiation of BPT’s debt restructuring involving the issuance of the exchange bonds with option to convert into assets of Musi Pulp Project, then, Marubeni approached and negotiated with CITS and have thus come to a basic agreement which would enable Marubeni to effectively replacing CA assets with a majority control over Musi Pulp Project.

Musi Pulp Project consist of two companies, i.e. a pulp manufacturing company, TEL and a industrial forest plantation company, MHP. Musi Pulp Project is the only 100% plantation log basis pulp manufacturing business in Asia which is pure environmental friendly pulp project.

Through this transaction, TEL and MHP will become consolidated subsidiary of Marubeni and Marubeni group will have majority control over TEL and MHP. We will further enhance productivity of both companies by managing in harmony, thus improve their profitability. MHP is one of the largest plantation companies in Indonesia with over 190,000 hectares of plantation areas while TEL has 450,000 AD Tons of pulp production capacity per year.

Marubeni group is focusing on the “value chain” minded businesses which includes forest products, pulp and paper by involving all phases starting from raw material to final products and this transaction will further strengthen such

businesses. In order to insure the above, our Forest Products & General Merchandise Division will take in charge of Musi Pulp Project upon completion of this transaction. We will reinforce our leading position in pulp and paper business and will take greater presence in growing China and Asian markets.

**2. Main Assets to be Transferred**

JIPIC's 24.59% shares in CA and loan amounting US\$581 million

**3. Main Assets to be Obtained**

BPT's Exchange Bonds owned by CITS and convertible to following assets;

- 40% shares in TEL and loan amounting US\$80 million
- 39.55% shares in MHP

JIPIC will exercise exchange option upon completion of the transaction to obtain assets in TEL and MHP. Our group will also obtain 6% shares in MHP currently owned by minority shareholder of MHP resulting Marubeni group's shareholding in TEL and MHP of 85% and 60% respectively (direct and indirect shareholding) upon completion of this transaction.

## Related Parties' Outline

### 1. PT Chandra Asri

<b>Business</b>	: Production and sales of ethylene, propylene, polyethylene	
	Annual production capacity	
	Ethylene	510,000 tons
	Propylene	240,000 tons
	Polyethylene	300,000 tons
<b>Founded</b>	: March 1989 (Commercial production from September 1995)	
<b>Address</b>	: Jakarta, Indonesia (factory at Anyer, West Java)	
<b>Share Capital</b>	: US\$129 million	
<b>Shareholders</b>	PT Inter Petrindo Inti Citra (Indonesia)	49.55%
	Glazers & Putnam Investment Ltd (Malaysia)	25.86%
	Japan Indonesia Petrochemical Investment Corp.	24.59%

### 2. Japan Indonesia Petrochemical Investment Corporation

<b>Business</b>	: Investment company for PT Chandra Asri	
<b>Founded</b>	: October 1992	
<b>Address</b>	: Tokyo, Japan	
<b>Share Capital</b>	: J¥20,846 million	
<b>Shareholders</b>	: Marubeni 85%, Others 15%	

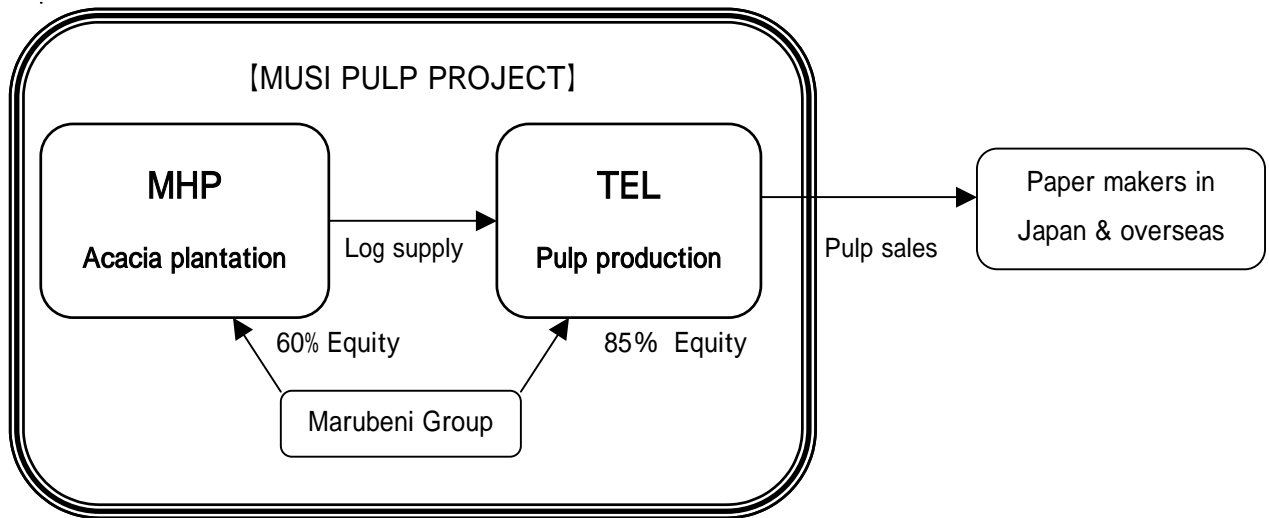
### 3. Commerzbank International Trust (Singapore) Ltd.

<b>Business</b>	: Trust, custodial service	
<b>Founded</b>	: 1995	
<b>Address</b>	: Singapore	
<b>Share Capital</b>	: Sin\$3 million	
<b>Shareholders</b>	: Commerzbank group 100%	

### 4. PT Barito Pacific Timber Tbk

<b>Business</b>	: Plywood, wood working products	
<b>Founded</b>	: 1977	
<b>Address</b>	: Jakarta, Indonesia	
<b>Share Capital</b>	: Rp 2,617 billion	
<b>Shareholders</b>	: Listed in Jakarta Stock Exchange	

## **MUSI PULP PROJECT**



MHP (PT Musi Hutan Persada)

Business line : Operating acacia plantation and supplying log for TEL as materials of pulp in Sumatra Island, Indonesia.

One of the largest plantation companies in Indonesia with 300,000 hectares of authorized area for plantation . 190,000 hectares out of 300,000 hectares are feasible.

The company, with surplus volume of woods, will be able to respond to increase capacity of TEL in the future or to sell the log to other converters.

Incorporated : March 1991

Head office : Jakarta, Indonesia

Capital : 135 bil Indonesia Rupiah

Share holders : Marubeni group 60% Inhutani :40%

TEL (PT Tanjungenim Lestari Pulp & Paper)

Business line : Producing pulp only from planted acacia logs supplied by MHP

(Capacity:450,000t/yr)

Quality of the pulp is very stable because it is made only from one kind of wood i.e. acacia. The pulp is suitable for making printing & writing paper as well as tissue. The paper is well accepted because of high brightness and smoothness.

Incorporated : Jun 1990 (operation started in May 2000)

Head office : Jakarta, Indonesia

Capital : 350mil. US Dollar

Share holders : Marubeni group 70% Sumatra Pulp Corp. 30%

(Sumatra Pulp Corp. Marubeni 50%, JBIC42.7% Nippon Paper Industries Co. Ltd

Marubeni group will actually have 85% share of TEL.

Notes : Percentage of share holders mentioned above is subject to finalization of all related deals.

# ATTACH-2 Value chain of Marubeni Pulp & Paper Business

## Plantation / Wood Chips

Quantity handled **11.6 mil BDU/yr**  
Domestic Share **22%**

## Pulp

Quantity handled **1.3 mil t/yr**  
For Japan **0.5 mil t/yr**  
For other destination **0.8 mil t/yr**  
World Share **6%**

## Paper Production

Compared to 4<sup>th</sup> largest maker in Japan  
Production capacity: **1.8 mil t/yr**  
Domestic Share **6%**

## Sales

Paper Quantity handled **1.7 mil t/yr**  
Domestic Share **9%**  
Paperboard (Quantity handled **1 mil t/yr**)  
Domestic share **8%**

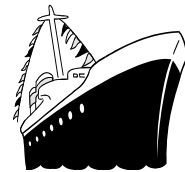
**WA Plantation Resources (Australia)**  
(Marubeni 60% Nippon Paper Industries 40%)  
30 K ha eucalyptus plantation  
460 K BDU of wood chip production & export

**Marusumi Whangarei (NZ)**  
(Marubeni 49% Marusumi Paper 51%)  
80 K BDU of wood chip production & export

**New Zealand Plantation Forest (NZ)**  
(Marubeni 10% Hokuetsu Paper 30% others)  
Target: 10 K ha of acacia plantation

**Southern Plantation Forest (Australia)**  
(Marubeni 57.1% B others)  
Target: 10 K ha of eucalyptus plantation

**Guangxi Oji Paper (China)**  
(Marubeni 10% B Dji Paper 90%)  
Target: 6 K ha of eucalyptus plantation



Specialized carrier for wood chip  
Bessels **300 K BDU**

**Daishowa Marubeni Int (Canada)**  
(Marubeni 50% Nippon Paper Industries 50%)  
670 K t of pulp sales annually

**Koa Kogyo (Marubeni 78%)**  
Cardboard, paperboard 540 Kt

**Marusumi Paper (Marubeni 32%)**  
Newsprint 750 KC4

**Fukuyama Paper (Marubeni 55%)**  
Paperboard, 240 KC4

**Fuji Coated Paper (Marubeni 100%)**  
Coated paper, 240 KC4

**Other Paper Makers in Japan**  
Nippon Paper, Oji Paper,  
Nippon Daishowa Paperboard  
Daio Paper, Chuetsu Pulp, Hokuetsu Paper

### Overseas Paper Makers

UPM-Kymmene, Stora-Enso, M-Real  
Myllykoski (Finland)  
APP (Indonesia, China),  
Chenming (China)

### Domestic Sales Companies Logistics Network

M. Pulp & Paper Sales Co. (Marubeni 88%)  
Forest Net (Marubeni 65%)  
M. Office Supply (Marubeni 97%)  
M. Pulp & Paper Logistics (Marubeni 92%)

### International Sales Companies Logistics Network

Marubeni Pulp & Paper  
North America (Marubeni 100%)  
Marubeni Pulp & Paper  
Sales Europe (Marubeni 100%)  
Shanghai Marubeni Paper Sales  
(To be established in Jun 2005)

### Waste Paper Recycling Business

Marubeni Paper Recycling  
(Marubeni 100%)  
WELL (M Paper Recycling 40%)  
Pan Pacific Fiber Inc. (Marubeni 67%)  
Nanbng Jehong Recycle Cop.  
(Marubeni 54%)

**MHR (Marubeni 60%)**  
190K ha of acacia plantation

**MUSI Pulp Project  
Indonesia**

**TEL (Marubeni 85%)**  
450K t of pulp production & sales

**Other Chip Suppliers**  
Mondi A Sincel (South Africa)  
Guangdong Petro-Trade Development. (China)  
Forestal A Comaco (Chile)  
Auspine (Australia)

### Other Pulp Makers

Canada 250Kt  
Brazil 30Kt  
Chile 30Kt