

NEPA Virus

EXHIBIT 1:

Subject: Proposal for Privatization of Energy sector

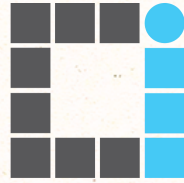
Dated: 2000

Respected Nigerian Authorities,

I hope this letter finds you in good health and high spirits. Allow me to introduce myself; I am Francesco Romano II, an aspiring entrepreneur with a keen interest in the energy sector. It is with great enthusiasm that I write to express my interest in contributing to the development and revitalization of the Nigerian energy sector. Having closely followed recent developments in Nigeria's energy industry, I am impressed by the significant strides made and the potential for further growth and innovation. Nigeria, with its abundant natural resources and dynamic economy, presents a promising landscape for investment and advancement in the energy sector.

I am particularly drawn to the opportunity presented by the ongoing privatization efforts in the energy sector. As you are aware, the rejection of phase two in negotiations of the Enron contract has necessitated a reevaluation within the industry. Considering these challenges, I firmly believe that my experience and expertise positions me as an ideal candidate to spearhead this transition.

With a proven track record in navigating complex regulatory environments and fostering sustainable growth, I am confident in my ability to navigate the intricacies of the Nigerian energy market. My team and I stand ready to collaborate with the government and local stakeholders to implement robust governance frameworks and drive operational excellence across the sector.



Furthermore, I am prepared to commit the necessary capital and resources to support the modernization and expansion of Nigeria's energy infrastructure. Leveraging our extensive network of strategic partners and industry leaders, we aim to introduce cutting-edge technologies and best practices that will enhance efficiency, reliability, and affordability for consumers nationwide. I am eager to explore potential opportunities for collaboration and discuss how we can work together to achieve our shared objectives. Please do not hesitate to reach out to me to arrange a meeting at your earliest convenience.

Thank you for considering my proposal. I look forward to the possibility of contributing to the success and prosperity of Nigeria's energy sector.

Warm regards,
Francesco Romano II

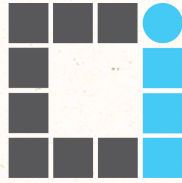


EXHIBIT 2:

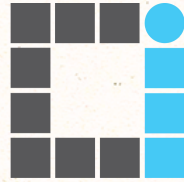
Subject: Comprehensive Proposal for Private Sector Intervention in Nigeria's Energy Sector

Dear Mr. Francesco Romano II,

I hope this mail finds you well and in good spirits. Permit me to offer official greetings on behalf of the Nigerian government regarding a highly significant issue: the resuscitation of our country's energy environment via thoughtful private sector involvement. We approach you with a sense of urgency and gravity, acknowledging your keen interest and astute knowledge of energy infrastructure issues. The Nigerian Electric Power Authority (NEPA) faces numerous, difficult challenges that are rooted in systemic flaws and prevailing historical limitations.

The monopolistic hold of state power, designed to guarantee centralized government, unfortunately created an atmosphere full of corruption, incompetence, and a lack of necessary funding. A long list of problems, including persistent underfunding, widespread corruption, crumbling infrastructure, and operational obsolescence, have tarnished NEPA's reputation. NEPA's performance has fallen short of our citizens' high expectations despite significant financial infusions and reform initiatives, as well as coordinated efforts by the government. The ensuing power imbalance has severely damaged our country's socioeconomic structure and had a significant impact on both personal incomes and the wealth of the country.

The Nigerian government is steadfast in its resolve to bring in a new era of dynamism and efficacy within the energy sector considering these exigencies. We might consider private sector participation as an indispensable catalyst for transformative change, capable of infusing much-needed capital, innovation, and efficiency into the sector.



Thus, we kindly invite your distinguished organization to contemplate the purchase of NEPA's subsidiaries or the establishment of strategic alliances for the creation of new power generation projects. The proposed models cover a wide range of options, such as the Build, Own, operate (BOO), Refurbish, Operate, and Transfer (ROT), and Lease, Operate, Transfer (LOT) models, which are designed to accommodate varying investor risk tolerances.

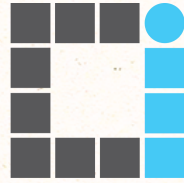
In addition, the Nigerian government is dedicated to creating a regulatory environment that is supportive of private sector business. Under the direction of the National Council on Privatization (NCP), plans are in motion to divide NEPA into independent entities in order to promote accountability, competition, and operational efficiency.

To provide clarity, allow me to present pertinent numeric facts:

1. Substantial governmental infusions of capital were made, notably N50 billion in 2000.
2. NEPA was tasked with achieving a target of 6,000 MW of electricity, with plans for rural electrification in collaboration with state and local governments, as well as foreign and local private sector investors.
3. NEPA's debts had accumulated to a total of N4 billion by March 1999, exacerbating its financial predicament.

We understand the importance of exercising due diligence and the constraints of time. As a result, we are prepared to have meaningful discussions with your respected organization to clarify the specifics of our proposal and look into opportunities for mutually beneficial cooperation.

Your astute observations and tactical insight are tremendous resources in our joint effort to overcome the enormous obstacles facing Nigeria's energy sector. We are sure that your participation will result in profitable prospects for long-term, sustainable growth and development, as well as benefits for our country and its people.



Together with your appropriate mode of operation, the Nigerian government also wants a thorough assessment of the investment. Even though the government thinks privatization might be the best course of action, it needs some explanations and persuasion as to why it should trust you. In-depth analysis of breakeven points, financial forecasts, cost optimization techniques, and the identification and distribution of viable sources are covered in this appraisal, which lays the foundation for a strong and sustainable energy industry. The plan of action, phase-by-phase implementation strategies, new technologies and advancements, and how your infused capital will outperform the previous government-run facilities are also required by the officials.

We kindly request your favorable consideration and prompt response, and we thank you for your attention to this important matter.

Yours faithfully,
Adeola Okafor

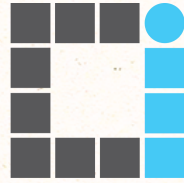
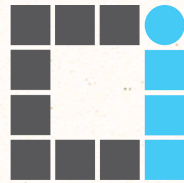


EXHIBIT 3: Extracts from Minister of power's speech:

- By March 1999, the debts had accumulated to a total of four billion Naira.
- At a time when it cost N1.20 to generate a kilowatt of electricity, NEPA was made to charge a tariff of a mere 23 kobo per kilowatt, thus incurring a 500 percent deficit on tariffs alone.
- As the minister admitted in his inaugural speech, the combined installed capacity of the country's three hydro and five thermal power stations had dropped from 5,876 MW to 5,400 MW and had steadily dropped to an all-time low of 1,600 MW at the inauguration of the post-military civilian government in May 1999.
- Under the pressure of meeting the targets set, the committee fell victim to avaricious contractors who inflated contracts. Suppliers of equipment and spares often imported substandard equipment, such as transformers which invariably blew up in no time. An additional constraint is the margin between revenue and overheads. The average income per month is N2 billion, of which N1.5 billion is spent on overheads, especially the emoluments of staff.
- In addition, the number of metered electricity consumers increased from 93,653 in 1960 to 2,131,303 in 1989. This figure was estimated to have risen to between 2.5 and 3.5 million by 1999.
- 1983 survey revealed that in 1981 N100.5 million was spent on the purchase of portable generators, while the figure had risen to N134.1 million in 1983, at a time when the Naira was valued at 65 US cents. During that period, the 650 industrial establishments in Nigeria spent N750 million a year on the purchase and maintenance of generators.



- In his inaugural policy statement in July 1999, the Minister of Power and Steel proclaimed what he called 'the power creed'. 'The target for the power sector,' he declared, 'is [to] ... cut down the incidence of wanton power failure by 50 percent in six months, by 75 percent in 12 months and by almost 100 percent in 24 months.'

	(MW)		
Year	Estimated Demand	Power Generated	Power Available
1896	0.05	0.06	0.06
1980	5085	2240	783
1985	6863	4574	1273
1990	8291	4960	2400