

This is the standard request for proposals for BTO PPP projects and will be supplemented and amended by reflecting any amendments of relevant Acts and subordinated statutes as well as changes in relevant systems.

**STANDARD REQUEST FOR PROPOSALS
FOR
BUILD-TRANSFER-OPERATE (BTO)
PUBLIC-PRIVATE PARTNERSHIP (PPP)
PROJECTS**

-ROAD PROJECTS-

MARCH 2010

This standard request consists of the following contents:

Main text:

- General terms and conditions for project proposal and implementation;

Detailed terms and conditions for project proposal and implementation.

Appendices:

- 1) Guidelines for preparation of project proposals;
- 2) Plan for assessment of project proposals.

The above-mentioned general terms and conditions provide for terms and conditions commonly applicable to PPP projects in the road sector. The detailed terms and conditions provide for items through which the competent authority may reflect the unique characteristics of the project and the competent authority's policies for each project intended to be implemented as a PPP project.

This standard form may be transformed into a "(draft) request for proposals" for road sector after reviewing the adequacy of the terms and conditions presented in the standards and supplementing the allocation of evaluation points and the time schedule of implementation, stipulated in the examples in the above-mentioned terms and conditions (00~00 pages).

* A concession agreement is omitted from this standard form. Please refer to the standard concession agreement presented separately by the Public and Private Infrastructure Investment Management Center.

* When publicly notifying request for alternate proposals for an unsolicited project, please use this standard form by supplementing matters relevant to the initial proponent.

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- # **Appendix 1: Guidelines for preparation of project proposals**
- # **Appendix 2: Plan for evaluation of project proposals**
- # **Appendix 3: Details of agreement with related agencies**
- # **Appendix 4: Concession agreement form¹⁾**

1) The Basic Plan for PPP Projects for 2009 (Public Notice No. 2009-192, Ministry of Strategy and Finance) provides that the public notice of a project may be accompanied by a concession agreement attached thereto, to shorten the project period of a PPP project. It is advisable to avoid any dispute that may arise in the course of negotiations by preparing and attaching a concession agreement fit to the nature of each project and clearly stating the government's requirements in detail.

**General Terms and Conditions for
Project Proposal and Implementation**

I. Purpose of Public Notification

The purpose of this public notification is for the ○○○ Metropolitan City (including the Mayor of the Metropolitan City, and hereinafter referred to as "competent authority") to present the detailed implementation plan for a project, including details of the project, terms and conditions for the implementation thereof, and the method of designating a project company, in order to implement the project as a PPP project pursuant to Article 10 (Establishment and Public Notification of Request for Proposals, etc.) of the Act on Public-Private Partnerships in Infrastructure (referring to Act No. 0000 of the Republic of Korea, as amended, and hereinafter referred to as the "PPP Act").

○ Purpose of public announcement (for unsolicited projects)

The purpose of this public announcement is to announce that a project proposal has been filed for the 00 road construction project pursuant to Article 9 (Project Proposal from Private Sector) of the Act on Public-Private Partnerships in Infrastructure (referring to Act No. 0000 of the Republic of Korea, as amended, and hereinafter referred to as the "PPP Act") and present the detailed implementation plan for the project, including details of the project, terms and conditions for the implementation thereof, and the method of designating a project company, in order to implement the project as a PPP project. In addition, it is intended to substitute the public notification of a request for proposals with the public announcement of the request for alternate proposals, made pursuant to Article 7 (8) of the Enforcement Decree (referring to Presidential Decree No. 00000, as amended) of the PPP Act and provide for matters necessary for a third party to prepare a project proposal or for the initial proponent to modify its project proposal as well as the investment policy of the 000 Metropolitan City (including the Mayor of the Metropolitan City, and hereinafter referred to as "competent authority") and its assistance.

II. Definitions

1. Supervisor: Refers to a company defined as a specialized supervisory company in Article 28 of the Construction Technology Management Act and

- designated by the competent authority or a person with authority delegated by the competent authority, with whom the competent authority or such person with delegated authority has made a contract, and includes its successor or a replacement for the company;
2. Construction period: Refers to the duration from the date of designation of a project company and the date immediately preceding the effective date of the right to manage and operate the facility of the main project;
 3. Construction Technology Management Act: Means the Construction Technology Management Act (Act No. 9705) of the Republic of Korea, as amended;
 4. Construction subsidy: Refers to a subsidy granted by the Government for the total project cost under Article 22 (1) of the Enforcement Decree of the PPP Act, exclusive of compensation cost;
 5. Construction project cost: Refers to an amount calculated by deducting compensation costs from the total project cost defined in Article 22 (1) of the Enforcement Decree of the PPP Act;
 6. Framework Act on the Construction Industry: Means the Framework Act on the Construction Industry (Act No. 8971) of the Republic of Korea, as amended;
 7. Interest during construction: Refers to interest accruing on loans borrowed by the project company in order to appropriate such loans for costs incurred in relation to the construction of facilities necessary for the main project (hereinafter referred to as "main project facility") until the construction of the main project facility is completed;
 8. Public sector entity: Refers to the State, a local government, or a public corporation, as defined in subparagraph 10 of Article 2 of the PPP Act;
 9. Construction work period: Refers to the period from the date on which construction works of the main project facility commence to the scheduled date of completion of construction works of the main project facility under the PPP Act;
 10. Construction contract: Refers to an agreement made by and between a project company and contractors in relation to a main project after the concession agreement is executed;
 11. Related agency: Means a government agency, a local government, or any

other public organization that performs an act legally affecting the project company's performance of duties in connection with the main project, in accordance with an Act, a subordinate statute, administrative procedure, or administrative regulation, such as authorization, permission, and imposition of a tax or a charge;

12. Management and operation rights: Refers to the right under Article 26 of the PPP Act for the project company to use the main project facility for profit without consideration during the period stipulated by the concession agreement after the completion of the main project facility is confirmed, maintain and manage the facilities, and collect user fees from users;
13. Given period for management and operation rights: Refers to the period during which the project company has a right to maintain, manage, and operate the main project facility pursuant to Article 26 of the PPP Act;
14. Traffic volume: Refers to the total number of vehicles that travel on the road built as a result of the main project (hereinafter referred to as "main road") each year;
15. State Contract Act: Means the Act on Contracts to which the State is a Party (Act No. 8852) of the Republic of Korea, as amended;
16. Ancillary facilities for road project: Refers to facilities installed to provide convenience to users of the main road, such as resting areas, for ancillary functions determined essential for the operation and functioning of the main road;
17. Escalation cost: Refers to the reserve fund set aside in case of escalation in the project cost that might occur due to price fluctuations during the period from the base date of calculation of price to the scheduled date of completion of the main project facility;
18. Basic Plan for PPP projects: Refers to the latest Basic Plan for Public-Private Partnership Projects publicly notified before the date of this public notification pursuant to Article 7 (1) (Formulation of Basic Plan for PPP Projects) of the PPP Act;
19. Compensation cost: The cost incurred in compensations in implementing the project (referring to the cost incurred pursuant to Articles 70 through 79 of the Act on Acquisition of and Compensation for Land, etc. for Public Works;
20. Main project: Refers to the PPP project for the construction and operation of

road facilities and ancillary facilities for road project, as provided for as the scope of a project proposal in this public notice;

21. Revenue from the main project: Refers to the revenue of tolls from the road, the revenue earned through the operation and leasing of ancillary facilities for road project (limited to cases where ancillary facilities for road project are installed), and other revenue from the main project;
22. Supplementary project: Refers to a project under each subparagraph of Article 21 (1) of the PPP Act for profit-making business that will contribute to the utilization and functioning of the main project facility in normal conditions and that will enable the competent authority to curtail government financial support;
23. Quarter: It means the period from January 1 through March 31, April 1 through June 30, July 1 through September 30, or October 1 through December 31 of a year;
24. Project-proposal evaluation team: Refers to the evaluation team organized and operated by the competent authority pursuant to Article 13 (3) of the Enforcement Decree of the PPP Act in order to evaluate project proposals;
25. Project rate of return: Refers to the project company's expected rate of return on the main project, as determined by the agreement between the competent authority and the project company, and the pre-tax real rate of return (the after-tax rate shall be stated parenthetically) on the project, which is applied to the function for determining the rate of return and user fees under the Basic Plan for PPP projects;
26. Project company: Refers to the project company defined in subparagraph 7 of Article 2 of the PPP Act;
27. Project proposal: Refers to a project plan submitted by a project proponent to the competent authority with regard to the main project, as necessary for the implementation of the main project;
28. Project proponent: Refers to a person (including the initial proponent in cases of an unsolicited project) who prepares and submits a project proposal to be designated as the project company of the main project;
29. Concession agreement: Refers to the concession agreement executed between the competent authority and the project company on terms and conditions for the implementation of the project pursuant to subparagraph 6

- of Article 2 of the PPP Act;
30. Reserve fund: Refers to the sum of costs incurred due to price fluctuations during the construction period;
31. Highest potential project company: Refers to a potential project company pursuant to Article 13 (2) of the PPP Act and thus who has a preemptive right to negotiate with the competent authority, prior to other project proponents, until the project company is designated pursuant to Article 13 (3) of said Act;
32. Maintenance and management: Refers to activities conducted to inspect and maintain the main project facility, reinstate damaged parts, maintain functions of the main project facility through activities necessary for amelioration, repair, and reinforcement of facilities, as required as time passes, and promote the convenience and safety of users of the facilities;
33. Refinancing: Refers to activities conducted by the project company to maximize investors' expected return in comparison with the return as at the time of the latest loan agreement through activities of changing the structure of the capital of the corporation implementing the project, investors' share of equity, and terms and conditions for borrowing loans: However, a change in investors' share of equity by less than five percent shall not be regarded as refinancing;²⁾
34. Government financial support: Refers to a subsidy or long-term loan provided by the competent authority for the main project pursuant to Article 53 of the PPP Act;³⁾
35. Supply facilities: Refers to facilities to be installed along the sections of the main road for electricity, telecommunications, gas, water supply, oil pipelines, etc.;
36. Taxes and charges: The term refers to taxes and public dues, such as the

2) The term defined above is applicable to a project with operating revenue guarantee. In cases of a project without operating revenue guarantee, the term may be defined as follows, reflecting the regulation that a simple change in investors' share of equity is excluded from the scope of refinancing in accordance with the Basic Plan for PPP Projects, as amended in 2009 (Public Notice 2009-14: the Ministry of Strategy and Finance):

"Refinancing: Refers to activities conducted by the project company to maximize investors' expected return in comparison with the return as at the time of the latest loan agreement through activities of changing the structure of the capital of the corporation implementing the project and terms and conditions for borrowing loans

3) In cases of a project without government financial support, the term shall be deleted.

acquisition tax, registration tax, and value-added tax imposed on the main project, and various charges imposed pursuant to an Act, a subordinate statute, or a municipal ordinance;

37. Competent authority: Refers to the administrative agency that has control over the affairs of the main project or the head of such administrative agency (or a person to whom the authority is delegated);
38. Small and medium-sized enterprises: Refers to small and medium-sized enterprises under Article 2 of the Framework Act on Small and Medium-sized Enterprises (Act No. 9184);
39. Creditor financial institution: Refers to a domestic or foreign financial institution that provides a loan solely or jointly when the project company borrows funds necessary for implementing the main project and includes a pension fund, a public fund, or a person that is not a financial institution under the PPP Act;
40. Total private project cost: Refers to the portion of project cost borne by the project company out of the total project cost, excluding construction subsidies, compensation cost, and other costs borne by the competent authority;
41. Total private investment cost: Refers to an amount calculated by adding escalation cost and interest during construction to the total private project cost;
42. Total project cost: Refers to the total sum of project costs to be incurred in the construction of the main project facility, which shall be calculated in accordance with Article 22 of the Enforcement Decree of the PPP Act;
43. Total investment cost: Refers costs for which the project company shall establish a financial plan for the completion of the main project facility, which shall correspond to the sum of the total project cost, escalation cost, and interest during construction;
44. Tolls: Refers to tolls collected from vehicles travelling on the main road as user fees under the PPP Act;
45. Potential project company: Refers to a person designated by the competent authority in a specified priority order pursuant to Article 13 (2) of the PPP Act, among persons who submit a project proposal in accordance with Article 13 (1) of said Act, and thus who has a right to negotiate with the competent

authority;

46. Subordinated loans from shareholders: Refers to funds or debts borrowed from investors in the main project under the condition that such funds or debts shall be repaid only where any residual asset exists after all other debts, excluding the subordinated borrowings, are repaid first, if proceedings for rehabilitation or proceedings for default, bankruptcy, or any similar event commence with regard to the company.

III. Terms and Conditions for Project Proposal and Implementation

1. Compliance with Relevant Acts and Regulations⁴⁾

A project proponent shall comply with all Acts and subordinate statutes relevant to the project, including the PPP Act and the Enforcement Decree of the Act, the [*] Act, [**] Act, and the Rule on [***], in relation to the construction and operation of the main project facility.

2. Qualification as Project Proponents

- (1) A project proponent shall be either a corporation or a corporation that intends to be incorporated.
- (i) A project proponent shall not propose a corporation or a corporation that intends to be incorporated in the form of a nominal investment company under Article 51-2 (Income Deduction for Special Purpose Companies for Securitization, etc.) of the Corporate Tax Act to ensure fairness in comparative evaluation of project proponents: However, the competent authority may permit a corporation implementing the project in the course of negotiation with a potential project company to have a form to which Article 51-2 of the Corporate Tax Act is applicable, if necessary.
- (ii) If a project proponent designated as the project company is a corporation that intends to be incorporated, it shall be required to establish a corporation before filing an application for the approval of an implementation plan under

4) It is advisable to specify all relevant Acts and subordinate statutes with which a project proponent shall comply in implementing the main project as a PPP project.

Article 14 (3) of the PPP Act and succeed to the status of the project company. In such cases, the newly established corporation shall maintain investors of the corporation that intends to be incorporated and investors' shares of equity as they are at the time when it submits a project proposal.

(iii) In principle, there shall be no limitation on foreigners' share of equity invested in the corporation or corporation that intends to be incorporated proposing the main project and foreigners shall not be discriminated in favor of nationals in the operation of the system.

(2) A project proponent shall satisfy the following conditions:

(i) If a project proponent is comprised of five or more investors (including prospective investors; the same shall apply hereinafter), the sum of top three investors' shares of equity shall not be less than 50 percent, and the largest investor's share of equity shall not be less than 25 percent.

(ii) If affiliate companies in a business group under subparagraph 2 of Article 2 of the Monopoly Regulation and Fair Trade Act, among investors, jointly invest in a project proponent, all such joint investors shall be deemed a single investor, and the joint investors shall appoint one representative investor who shall represent them. In such cases, the joint investors shall be bound by the condition that only the representative investor can exercise control over the business on behalf of the joint investors.

(iii) A project proponent or an investor shall not be involved in the main project as another project proponent or investor.

(iv) A project proponent shall maintain the ratio of equity to the total private investment cost at not less than 20 percent: However, the minimum equity requirement may be lowered to 15 percent, if financial investors' share of equity is not less than 50 percent.

(v) If a project proponent requests the competent authority to grant construction subsidies, the construction subsidies shall be granted after equity is fully invested in order to ensure fairness in the comparative evaluation of project plans, and in such cases it shall be planned to grant construction subsidies in equal installments on a quarterly basis until the completion of construction works, based on the constant price as at the base date of calculation of price, without concentrating subsidies in a specific year: However, the actual disbursement schedule of subsidies shall be stipulated by the concession

agreement.

- (vi) If an investor whose share of equity is not less than five percent of shareholders' equity and total liabilities (including an individual enterprise who participates in joint investment and whose share of equity is less than five percent, where affiliate companies in one and the same enterprise group jointly invest in a proposal proponent and the scale of the joint investment is not less than five percent of shareholders' equity and total liabilities) intends to change his/her share of equity, the relevant project proponent shall obtain prior approval therefor from the competent authority: However, if investors' share of equity are changed as a consequence of a merger between investors, a written notice shall be given to the competent authority within ten days from the effective date of the merger.
- (vii) If an investor whose share of equity is less than five percent of shareholders' equity and total liabilities (or any investor other than an investor who shall obtain prior approval from the competent authority in accordance with the provisions of (vi)) intends to change his/her share of equity, the relevant proponent shall notify the competent authority of details of the change in writing within ten days from the date on which such an event occurs.
- (viii) Notwithstanding provisions of (vi) and (vii), no project proponent shall change any investor or any investor's share of equity at the time of designation as the project company until the project is completed: However, if it is impractical to participate in the project due to an investor's default on payments, an application may be filed for approval for such change, and the competent authority may permit a project proponent to change an investor or an investor's share of equity exceptionally with prior approval therefor from the competent authority, if the competent authority finds that such change is necessary.
- (ix) No person who is under sanction as an unfair business entity pursuant to the Act on Contracts to which the State is a Party, the Act on Contracts to which a Local Government is a Party, or the PPP Act may be qualified for a project proponent or an investor (including a prospective investor).

3. Method of Proposing Projects

A project proponent shall prepare and submit a project proposal, including the matters specified in Article 12 of the Enforcement Decree of the PPP Act and the matters specified in this Request for Proposals and shall submit letters of intent and letters of commitment, which shall be included in the project proposal, to the competent authority.

- (1) A plan for the establishment of a corporation, if the corporation intends to be incorporated.
- (2) Investors' letters of commitment on investment for its own fund (including additional investments and subordinate loans from shareholders): However, if an investor is a financial investor (such as a financial institution, a pension fund, etc.), such an investor may submit a letter of conditional commitment on investment. In such cases, a letter of unconditional commitment on investment shall be submitted to the competent authority by the time of award of the concession agreement.
- (3) Documents for the evaluation of each investor's solvency for investment.
- (4) A financial institution's letter of intent or commitment or letter of (conditional) commitment with regard to a loan: However, a copy of a loan agreement shall be submitted as a replacement of the letter of intent or the letter of conditional commitment with regard to a loan when filing an application for approval of an implementation plan.
- (5) A financial plan, when a fund is raised by any means other than borrowing funds.
- (6) A plan for securing the project site and the basis and details of the calculation of compensation cost.

4. Terms and Conditions for Financial Investment and Operation

4.1. Basic Terms and Conditions for Investment and Operation

- (1) Terms and conditions for financial investment and operation shall be based on the following formula for determining the rate of return on a PPP project and user fees therefrom:

$$\sum_{i=0}^n \frac{CC_i}{(1+r)^i} = \sum_{i=n+1}^N \frac{OR_i - OC_i}{(1+r)^i} + \sum_{i=0}^N \frac{ANR_i}{(1+r)^i}$$

n : Time of construction completion of main project facility

N : The end of the given period for management and operation rights or period of ownership and operation

CC_i : Costs invested each year to complete the main project facility (excluding the Government's financial support)

ANR_i : Net annual income from supplementary projects (revenue - cost)

OR_i : Annual operating revenue

OC_i : Annual operating cost

r : Real rate of return (IRR)

- (i) Pre-tax and post-tax rates of return on the project shall be proposed respectively, and a project proponent shall independently propose the rates based on the expected rate of return, considering investment cost, operating revenue, and financing cost of the project, and shall submit the basis of calculation, along with the project proposal.
- (ii) The rate of return on the project shall be stipulated in the concession agreement through negotiation between the project company and the competent authority, based on the rate of return proposed by project proponents in accordance with the provisions of (i). In such cases, the rate of return stipulated in the concession agreement shall not be adjusted during the period of construction and operation of the main project facility in principle.
- (2) Constant prices in the formula under the provisions of (1), such as the

total private project cost (CC_i), operating revenue (OR_i), operating cost (OC_i), may be adjusted or redetermined as at the base time separately specified when the concession agreement is awarded.

- (3) Initial toll rates shall be determined, considering inflation after the base date of calculation of prices, and then the project company shall independently determine the adjustment of toll rates during the given period for management and operation rights by the method stipulated in the concession agreement for the determination of toll rates, based on the initial toll rates, and shall report it to the competent authority.
- (4) Further details, such as the criteria and method for the determination and adjustment of toll rates under the provisions of (iii), shall be stipulated in the concession agreement.

4.2. Adjustment of Total Project Cost

- (1) In principle, the total project cost fixed by the concession agreement shall not be adjusted but may be adjusted only in any of the following cases:
 - (i) Where it is necessary to adjust the total project cost because a change in construction cost is significantly higher or lower than the inflation rate during the construction period;
 - (ii) Where the total project cost increases or decreases due to the competent authority's fault or an event of force majeure event;
 - (iii) Where the total project cost increases or decreases due to the enactment or amendment of an Act or subordinate statute that directly affects construction cost;
 - (iv) Where the compensation cost borne by the competent authority increases or decreases due to a change in the land price for the site necessary for the main project;
 - (v) Where the total project cost increases or decreases due to a request from an authorizing or permitting authority, as a result of an agreement with a local government, or an inevitable cause, such as a civil petition;
 - (vi) Where the total project cost increases or decreases due to a request from the competent authority.

- (2) When grounds for the adjustment of the total project cost due to increases and decreases are specified in the concession agreement, not only cases of 'increases' but the cases for 'decreases' shall be specified for each ground.
- (3) If it is necessary to guarantee the project company's profit or to compensate for the project company's loss due to an increase in the total project cost, the project company shall consult with the competent authority on the prospect of adjusting toll rates or the given period for management and operation rights concurrently with government financial support.

4.3. Determination and Adjustment of Initial Toll Rates and Toll Rates for Each Year

- (1) The project company shall determine the initial toll rates applicable from the beginning of the operation of the main project facility by the method stipulated in the concession agreement for the determination, reflecting changes in the consumer price index during the construction period, and report the toll rates to the competent authority. The toll rates shall be decided by an agreement between the parties.
- (2) The project company shall determine the toll rates applicable each year after commencing the operation of the main project facility by the method stipulated in the concession agreement for the determination, reflecting changes in the consumer price index during the construction period, and report the toll rates to the competent authority, and the toll rates shall be decided by an agreement between the parties.
- (3) Further details of the method of determination of toll rates and the criteria for the adjustment of toll rates shall be stipulated in the concession agreement.

4.4. Adjustment of Operating Cost

If the actual operating cost, such as maintenance and repair costs of the

main project, exceed the operating cost stipulated in the concession agreement, the excess amount shall be borne by the project company in principle: However, it may be adjusted by an agreement with the competent authority in any cases specified in the concession agreement.

4.5. Profit Sharing from Refinancing

In principle, if the project company of the main project refinances after the concession agreement is awarded, profits from refinancing shall be shared between the competent authority and the project company in accordance with the Basic Plan for PPP Projects.⁵⁾

5. Terms and Conditions for Administrative Investment and Operation

5.1. Plan for Facilities

- (1) A project proponent shall thoroughly consult with related agencies on the route of the proposed road and the plan for structures and shall submit a project proposal, along with the details of such consultation and a statement as to whether the details of the consultation are reflected therein.
- (2) A project proponent shall install traffic control systems in the main road by referring to Acts and subordinate statutes relevant to the establishment of efficient traffic systems and ITS-related standards and shall ensure that traffic information can be interlinked, if the main road is connected to an expressway managed by the Korea Highway Corporation or any other neighboring road.

5) However, if the project is commenced in 2010, the expected rate of return, which is expected to be achieved by refinancing, is less than the expected rate of return on the concession agreement, there is no financial support from the central Government during the period of operation, and the level of user fees is not more than 1.2 times as much as those for government-financed projects (based on normal price as at the time of refinancing), the profit generated from refinancing shall not be shared.

5.2. Other Technical Matters

- (1) The design speed and design load of the main road shall conform to the "detailed terms and conditions for the project proposal and implementation, and more specific design standards shall be governed by the Rule on Standards for the Structure and Facilities of Roads (Ordinance of the Ministry of Land, Transport and Maritime Affairs No. 101).
- (2) A project proponent shall comply with relevant Acts and subordinate statutes, specifications, design standards, design rules, guidelines, and all other standards relevant to road projects.
- (3) Matters not prescribed in the standards specified in the provisions of (1) and (2), but necessary for raising the level of the standards or method for construction or the quality of construction works for the main project facility shall be stipulated in the concession agreement between the competent authority and the project company.
- (4) If the project company intends to install supply facilities along the main road, it shall make an agreement thereon with the competent authority.

5.3. Completion of Construction Works and Confirmation thereon

- (1) The project company shall complete the construction of the main project facility within the period stipulated at the time the competent authority approves the implementation plan and apply for the confirmation of completion to the competent authority.
- (2) Notwithstanding the provisions of (1), the competent authority may adjust the deadline for completion within a reasonable extent by an agreement with the project company, if the performance of the project is delayed due to an event of a force majeure, such as natural disaster, or to the competent authority's fault.
- (3) If the competent authority considers it necessary to permit vehicles to travel through the main project facility, it may permit the use of the main project facility prior to completion even before issuing the certificate of

confirmation of completion under Article 22 (2) of the PPP Act.

- (4) If the construction of the main project facility is completed prior to the end of the stipulated construction work period, the project company shall file an application for confirmation of completion without delay.

5.4. Vesting of Ownership

The ownership of the main project facility shall vest in the competent authority simultaneously upon completion, and the specific process of vesting shall be stipulated by the concession agreement.

5.5. Determination of Given Period of Management and Operation Rights

- (1) The given period for management and operation rights shall be determined through negotiation between the project company and the competent authority when designating the project company, considering the total project cost and the level of toll rates: However, a project plan shall be prepared in the form applicable to BTO type under subparagraph 1 of Article 4 of the PPP Act in order to enable comparative evaluation of project proponents and shall be based on the condition that the given period for management and operation rights shall be 30 years.
- (2) If the project company completes construction works earlier by shortening the stipulated construction work period, use without consideration shall not be permitted during the period from the date of commencement of operation, which is fixed through the confirmation of completion or the permission for the use prior to completion, to the scheduled date of completion under the implementation plan.
- (3) If the construction of the main project facility is completed earlier prior to the given period for right to manage and operate the main project facility commences, the project company may be entrusted with the operation of the main project facility for the period from the date of early completion to the scheduled date of completion. The period of the operation of facilities with permission for the use prior to completion or upon partial completion shall not be included in the given period for management and

operation rights, and matters regarding operation, including collection of tolls and operating cost, shall be determined by agreement with the competent authority.⁶⁾

5.6. Grant of Management and Operation Rights and Transfer of Facilities

- (1) Pursuant to Article 26 of the PPP Act, the competent authority shall grant the project company the right to manage and operate the main project facility, with which the project company may maintain and manage the main project facility and collect user fees from users of the main project facility during the given period for management and operation rights. In such cases, matters concerning the expiration, acquisition or transfer of the right to manage and operate the facilities shall be stipulated by the concession agreement.
- (2) The project company shall not impose any limitation on any specific person with regard to the use of the main project facility while it operates the main project facility.
- (3) If the project company intends to install any facility, such as advertisement, or any supply facility on the site in which the main project is implemented, it shall obtain approval therefor from the competent authority, and the charge for the occupancy and use of a road therefor shall be fixed by agreement between the competent authority and the project company.
- (4) The project company shall conduct inspections on facilities jointly with the competent authority or a person designated by the competent authority once three years, one year, and six months prior to the expiration of the given period for management and operation rights, respectively and shall transfer the management and operation of the main project facility to the

6) If the competent authority considers it necessary to give an incentive for earlier completion of a project commenced in 2009, it may offer the condition that it shall give an incentive to permit the project company to operate facilities under the responsibility of the project company during a period not exceeding half of the early completion period by referring to the provisions of 6-2 of the Basic Plan for PPP Projects (Public Notice No. 2009-14: the Ministry of Strategy and Finance) as amended in 2009.

competent authority simultaneously upon the expiration of the period.

- (5) If it is found necessary as a result of the inspections on facilities under the provision of (4) to repair, maintain, or reinforce the main project facility in order to maintain functions of the main project facility in normal conditions, the project company shall repair, maintain, or reinforce the main project facility at its cost before the expiration of the given period for management and operation rights.
- (6) If the project company possesses special equipment for the maintenance and repair of the main project facility, the value of such equipment shall be depreciated in accordance with relevant tax laws during the given period for management and operation rights, and such equipment shall be transferred to the competent authority free of charge at the expiration of the given period for management and operation rights.

5.7. Maintenance, Repair, Management, and Operation

- (1) The project company shall establish a plan for management and operation, including a plan for maintenance and operation, with approval thereof from the competent authority before it commences the operation of main project facility.
- (2) The project company shall conduct safety inspections and precise safety inspections on structures in the main project facility, in accordance with the Special Act on the Safety Control of Public Structures and other relevant Acts and subordinate statutes.
- (3) If the main project facility is an expressway, the project company shall ensure to maintain the facility at the standard equivalent to or higher than the standard of expressways operated by the Korea Highway Corporation, install, manage, operate ancillary facilities necessary for the use of the main project facility, and maintain the facility at the standard equivalent to or higher than the standard prescribed in the regulations on the maintenance and management of road, which shall apply to the main project road. If the competent authority finds that the project company fails to meet the level, it may order the project company to take

corrective measures, and the project company shall correct such failure at its cost without delay.

Reference) The Korea Highway Corporation's guidelines of the management of expressways

(i) The Korean Highway Corporation's regulations on maintenance and management

(ii) Manuals for maintenance and repair works, etc.

- (4) The project company shall transfer various materials related to equipment for the operation of the main project facility and the operation of facilities to the competent authority without consideration upon the expiration of the given period for management and operation rights.
- (5) If the competent authority considers it necessary, it may order the project company to conduct a precise safety inspection under the Special Act on the Safety Control of Public Structures or take emergency measures for maintenance and repair, and the project company shall report the results of its performance thereof.
- (6) If the competent authority finds that the project company fails to conduct a precise safety inspection under the provisions of (5) or take emergency measures for maintenance and repair or fails to perform such inspection or take such measures properly, the competent authority may designate an institution capable of conducting the precise safety inspection or take emergency measures to perform such an inspection or such measures vicariously, and costs incurred therein shall be borne by the project company.

6. Risk Sharing⁷⁾

7) In cases of a project that newly commences in 2009 or a project for which a loan agreement is executed in 2009, the Government may share a certain portion of interest rate risk, if there is a change in the base interest rate by not less than ± 0.5 point, compared with the rate at the time of the execution of the concession agreement. If the competent authority considers it necessary to share interest rate risk, it may include the provisions of 5-2 of Section 2 of the Basic Plan for PPP Projects (Public Announcement No. 2009-14 by the Ministry of Strategy and Finance) in the request for proposals.

6.1. Principles for Risk Sharing

- (1) The liability for and costs of the risks that arise, or are likely to arise, in connection with the implementation of the main project shall be specified in the concession agreement by classifying the risks respectively into risks due to the project company's fault, the competent authority's fault, and events of force majeure, depending upon who is liable.
- (2) It shall be ensured to solve predictable and insurable risks by insurance as much as possible.

6.2. Sharing of Investment Risk and Recovery of Subsidies⁸⁾

- (1) If the actual annual operating revenue from the main project fails to reach the level of the amount of investment risk sharing stipulated in the concession agreement, it may be reviewed to provide government financial support for compensating for the deficiency: However, government financial support shall not be provided, if the actual operating revenue is less than 50 percent of the level of the amount of investment risk sharing.
- (2) Where the Government provides financial support to share investment risk but the actual operating revenue exceeds the amount of investment risk sharing stipulated in the concession agreement, the government financial support already provided may be recovered within the maximum total amount of the financial support, and the amount of investment risk sharing not recovered shall be deducted from the compensation on termination, if the main project is terminated.
- (3) The level of the amount of investment risk sharing shall be calculated based on the amount of private investment and the amount of principle and interest that reflects the treasury bond yield. The payment shall be

8) It may be reviewed to reimburse the amount of investment risk sharing only for a solicited project for facilities revertible to the Government with great public interests involved (for example, a project where the result of the B/C analysis is not less than 1.1), and it is advisable for the competent authority to decide whether to provide the subsidy before publicly notifying the request for proposals and then give public notice of details thereof.

made in annual installments during the operation period.

Amount of investment risk sharing	=	Private funds already invested ^{**})	×	$\frac{\text{Interest rate on treasury bonds}^*)}{1-(1+\text{Interest rate on treasury bonds})-(\text{Period of operation})}$
<p>*) Subject to adjustment every five years at the average interest rate on treasury bonds maturing in five years during the construction period. The average value of treasury bonds maturing in five years as of five business days immediately preceding the date of adjustment may be applied to the adjustment of the interest rate on treasury bonds.</p> <p>***) Private fund already invested = Total private investment cost - Interest during construction</p>				

- (4) In principle, the amount of investment risk sharing shall be claimed on an annual basis, based on the result of the settlement of accounts for each business year, and the period may be agreed upon, if necessary.
- (5) Parties to negotiation may stipulate the procedure for the recovery of revenue exceeding the amount of investment risk sharing by applying the procedure for sharing investment risk mutatis mutandis.
- (6) The amount of investment risk sharing or the amount to be recovered shall be paid within the year in which it is requested, and interest thereon shall be paid if the pertinent year lapses without payment, if stipulated to do so in the concession agreement.
- (7) The corporate tax imposed on the Government's financial support for sharing investment risk shall not be subsidized separately.

6.3. Recognition of Buyout Right

- (1) If an event under any subparagraph of Article 39 of the Enforcement Decree of the PPP Act occurs during the construction period or the operation period of main project facilities, the project company may request the competent authority to buy out the project.
- (2) The project company shall exercise the buyout right in accordance with the procedures provided for in the PPP Act and the concession agreement.

6.4. Early Termination of Concession Agreement

- (1) A concession agreement made between the competent authority and the project company may be terminated on the ground of a fault by either the competent authority or the project company or a force majeure event, and further details about the methods for the determination and payment of compensation on early termination of the concession agreement shall be stipulated by the concession agreement.
- (2) If the concession agreement is terminated earlier during the construction period, the ownership of main project facilities shall vest in the competent authority immediately after termination becomes effective, and the competent authority shall pay the compensation upon termination in an amount stipulated in the concession agreement to the project company depending upon who is liable for the early termination.
- (3) If the concession agreement is terminated earlier during the given period of the management and operation rights, the project company shall conduct an inspection on main project facilities jointly with the competent authority or a person to whom the competent authority delegates its authority, and the right to manage and operate main project facilities shall expire at the time termination becomes effective, while the competent authority shall pay the compensation on termination in an amount stipulated in the concession agreement to the project company depending upon who is liable for the early termination.

7. Guarantee of Project Performance

7.1. Supervision of Implementation of Project and Administrative Dispositions

- (1) Pursuant to Article 45 of the PPP Act and Article 35 of the Enforcement Decree of said Act, the competent authority may supervise works related to the project company's implementation of the project and issue orders necessary for supervision in any of the following cases:
 - (i) Where it is necessary to prevent poor performance or to smoothly perform

- construction works and to normally operate facilities;
- (ii) Where it is found that the project company with the management and operation rights neglects the maintenance and management of main project facilities to the degree of significantly deteriorating benefits of users;
 - (iii) Where it is found necessary to request the submission of the results of and the plan for spending the funds in order to examine the appropriateness of spending of the project cost.
- (2) If the competent authority considers it necessary for public interests or the project company violates an Act or a subordinate statute or breaches the concession agreement, the competent authority may revoke or amend an order or a disposition under the PPP Act, may issue an order to suspend or alter construction works for main project facilities or to rebuild, alter, relocate, remove, or reinstate a facility or a thing, or may make other necessary dispositions.

7.2. Responsible Supervision

- (1) The competent authority or a person with authority delegated by the competent authority shall designate a specialized supervising company or a construction project manager as a supervisor in accordance with the Construction Technology Management Act and other relevant Acts and subordinate statutes, and the project company shall execute a responsible supervision agreement with the person designated by the competent authority.
- (2) The supervisor shall carry out responsible supervision under the Construction Technology Management Act and subordinate statutes. The superintendence over the supervisor's duties and the payment of supervision cost shall be governed by relevant provisions of the Construction Technology Management Act and subordinate statutes, but further details thereof shall be stipulated by the concession agreement when the project company is designated.
- (3) In order to ensure fairness in comparative evaluation of project proponents, 100 percent of the amount determined by applying the

guidelines for the supervision service fees for construction works, publicly notified by the Ministry of Construction and Transport, shall be reflected as supervision costs in the total project cost, while the total project cost shall be changed if the supervision cost increases or decreases as a result of bidding for the supervision contract or a change in construction costs at the time the concession agreement is executed.

7.3. Settlement of Civil Petitions

The parties to the concession agreement shall be liable for civil petitions raised in connection with the main project as follows:

- (1) Civil petition regarding the project: A civil petition related to the purchase of or compensation for the site of the main project or a civil petition raised in connection with an infringement of a third party's right or interest as a consequence of the implementation of the main project, excluding civil petitions under the provision of (2);
- (2) Civil petition regarding construction or operation: A civil petition raised in direct connection with the construction or operation of the main project, such as noise, bad odor, vibration, traffic hazard, or other impact on the surrounding environment.
- (3) The competent authority shall settle civil petitions regarding the project under its jurisdiction, while civil petitions regarding construction or operation shall be settled by the project company under its responsibility at its cost, and the project company shall prepare preventive measures for civil petitions regarding construction or operation and shall report thereon to the competent authority: However, if a civil petition regarding the project is raised in connection with the implementation of the main project to interrupt the implementation of the main project, but it is impossible to apply the competent authority's regulations on compensation with regard to the civil petition, the competent authority and the project company shall discuss a solution for the settlement of the civil petition, and the competent authority shall add the cost the project company actually pays to settle the civil petition to the compensation cost, if the parties agree as a result of such discussion to settle the civil petition by

changing the total project cost.

7.4. Risk Management during Construction

With regard to risks that are likely to arise during construction, the project company shall submit a technical management plan, including preventive measures and ex post facto remedial measures, such as the introduction of advanced technology for highly difficult construction works, a plan for safety control in construction, and coverage by insurance, along with the project plan.

7.5. Project Implementation Guarantee and Liquidated Damages

- (1) In order to promote timely construction of main project facilities and prevent the abandonment of the project halfway through, the project company shall pay a guarantee bond of not less than ten percent of the total project cost (in cash or by a performance guarantee insurance policy or a letter of guarantee issued by a financial institution) to the competent authority within 15 days from the date of designation of the project company, and the ownership of the guarantee deposit shall vest in the competent authority, if the project company fails to perform any obligation under the concession agreement.
- (2) If the guarantee bond under (1) is actually paid as proposed in the project plan, changes in the consumer price index until the date of execution of the concession agreement shall be reflected in the payment of the guarantee bond, and an additional guarantee bond upon an increase in the total project cost shall be paid, if the concession agreement provides for an increase in the total project cost.
- (3) A project proponent shall submit an assurance plan for project performance, including the guarantee bond under the provisions of (1), along with the project plan.
- (4) If the project company fails to complete construction of the main project facilities due to its fault within the period stipulated in the concession agreement, measures against the project company shall be taken in accordance with the following guidelines:

- (i) The project company shall obtain approval from the competent authority for the completed portion as of the scheduled date of completion and shall pay liquidated damages to the competent authority for the part that it fails to complete;
- (ii) The liquidated damages the project company shall pay in cases under the provision of (1) for a period from the day immediately following the scheduled date of completion and the date of actual completion (the date the certificate of completion is issued) shall be calculated as follows:
 - (a) Liquidated damages per day shall be an amount equivalent to 0.1 percent of the amount calculated by deducting the amount for the completed portion from the total project cost.
- (iii) If the total amount of liquidated damages reaches ten percent of the total project cost, the competent authority may take necessary measures in accordance with the PPP Act and the concession agreement, such as revoking designation of the project company.
- (iv) Matters regarding the payment and settlement of liquidated damages shall be stipulated by the concession agreement between the competent authority and the project company.

7.6. Safety, Maintenance, and Management during Given Period of Management and Operation Rights

- (1) The project company shall perform the duty of care as a good fiduciary in maintaining and repairing the main project facilities and ancillary facilities for road project.
- (2) The project company shall take measures for traffic control and safety control to promote the safety and benefits of users to the maximum extent after it commences the operation of main project facilities.

8. Competent Authority's Assistance and Delegation of Authority

- (1) A project proponent may include matters for which it requests administrative assistance and government financial support, including various kinds of authorization and permission for which the competent

authority has power, among matters specified in the PPP Act and subordinate statutes currently in force, in the project plan submitted.

- (2) With regard to matters for which the project company requests government financial support, the concession agreement shall stipulate further details, such as the scale of such government financial support and the method of support.
- (3) There is no plan to provide the Government's assistance separately for any road for the access to main project facilities, except facilities that the government promotes to construct as of the date of this public notice, and thus access roads necessary for the main project and the connection with neighboring roads shall be included in the scope of the main project.
- (4) The competent authority may delegate part of works related to the implementation of the main project to a person designated by the competent authority.

9. Other Standards for Implementation of Project

9.1. Project Plan for Ancillary Facilities

- (1) The project company may implement projects for ancillary facilities to provide convenience to road users without interrupting traffic of vehicles, such as resting areas and gas stations, in the main project sit, unless such projects violate relevant Acts and subordinate statutes.
- (2) If a project proponent has a project plan for ancillary facilities, it shall submit the plan along with the project plan, and the competent authority shall decide whether to accept the project plan for ancillary facilities when it designates the project company.
- (3) If the project company fails, due to its fault, to implement a project for ancillary facilities, for which a decision is made to build when the project company is designated, or if the actual profit from the implementation of such a project fails to reach the profit specified in the concession agreement, the project company shall be liable for the deficiency or loss.

9.2. Plan for Supplementary Projects⁹⁾

- (1) The project company may implement supplementary projects specified in Article 21 of the PPP Act, and further details thereof shall be governed by the "Detailed Terms and Conditions for Project Proposal and Implementation."
- (2) A supplementary project may be implemented if it satisfies the following conditions:
 - (i) Where the implementation of the supplementary project contributes to enhancing the benefit of users, national economic benefit, and the commerciality of the main project;
 - (ii) Where the project cost to be incurred for the supplementary project does not exceed the total private project cost;
 - (iii) A project implemented adjacent to the site of the main project or a project for which an agreement has been made between the competent authority and a local government.
- (3) The competent authority's assistance in supplementary projects:
 - (i) If necessary for the implementation of a supplementary project, the competent authority may stipulate in the concession agreement in accordance with relevant Acts and subordinate statutes that it may entrust a third party with the performance of administrative procedures, such as the purchase of land, in connection with the supplementary project or carry out such procedures vicariously.
 - (ii) The competent authority shall render administrative assistance as may be necessary for the project company to obtain authorization or permission necessary for the construction, management, and operation of supplementary facilities, approval from and consultation with related administrative agencies and local governments, and other administrative procedures on time.

9) 1. The competent authority shall first review the practicability of a supplementary project to implement the supplementary project and then present details of the project when it gives public notice of the request for proposals or the request for alternate proposals.

2. The competent authority may stipulate in the concession agreement that it may carry out administrative procedures, such as the purchase of land, vicariously in connection with supplementary projects in accordance with relevant Acts and subordinate statutes.

- (4) A project proponent shall submit a plan for the implementation of supplementary projects, including the results of the feasibility study on the supplementary projects, along with the project proposal.
 - (i) A project proponent shall submit a statement as to whether a supplementary project complies with relevant Acts, subordinate statutes, guidelines, and higher-level development plans so that a decision can be made on the possibility of implementing the supplementary project.
 - (ii) The plan for supplementary projects shall include a detailed plan for the project cost, a financing plan, revenue, and the utilization of revenue.
- (5) If the project company fails, due to its fault, to implement a supplementary project, a decision to implement which is made when the project company is designated, or if the net income from the implementation of such a project fails to reach the net income specified in the concession agreement, the project company shall be liable for the deficiency or loss.
- (6) A project proposal shall be submitted without reflecting the net income to be generated from the plan for a supplementary project, submitted by a project proponent, in the "determination of the rate of return and toll rates" proposed in 3. Terms and Conditions for Financial Investment and Operation under III. Terms and Conditions for Project Proposal and Implementation, but the net income to be generated from the plan for the supplementary project shall be determined instead as an item separate from the main project and shall be proposed in the project proposal. The net income to be generated from the plan for a supplementary project shall be fixed in the concession agreement and shall be reflected in the determination of the rate of return and toll rates.
- (7) In principle, the time to complete a supplementary project shall be the same as the time to complete the main project, while the project company may adjust the time to complete it by prior agreement with the competent authority within the extent of not affecting the completion of the main project.
- (8) In principle, the net income for evaluating a supplementary project shall be

determined for the given period for management and operation rights, but it may be adjusted by agreement or arrangement with the competent local government or the relevant agency, and the project company shall be responsible and liable for changes in the period of use of the supplementary project for profit.

- (9) If the actual net operating income from a supplementary project exceeds the net operating income specified in the concession agreement, the disposal of the excess income shall be determined by the concession agreement, depending upon the role of the project company so that the project company can have it as profit.

9.3. Insignificant Profit–Making Projects

The project company may implement other insignificant profit-making projects approved by the competent authority pursuant to Article 14 (4) of the PPP Act.

9.4. Interpretation of Concession Agreement, etc.

Concession agreements and other agreements executed in relation to the main project shall be governed by, and interpreted in accordance with, Acts of the Republic of Korea.

IV.Guidelines for Preparation of Project Plans

1. Basic Terms and Conditions of Project Plans

- (1) A proponent shall prepare a project plan in accordance with Appendix 1 "Guidelines for Preparation of Project Plans."
- (2) The guidelines for the calculation of prices and price fluctuation rates shall conform to the guidelines presented in the "Detailed Terms and Conditions for Project Proposal and Implementation."
- (3) Interest rate: A project proponent shall propose it independently but shall include the basis of the rate in the project plan submitted.
- (4) Interest rate and fees for loans in foreign exchange: If a loan is borrowed

in foreign exchange, the interest rate, the hedging cost of currency risk, and all-in cost, including all financing costs, shall be proposed, and the basis of the calculation shall be included in the project plan submitted.

- (5) Vehicles entitled to discount or exemption: No government financial support shall be provided separately for a reduction in operating revenue due to vehicles entitled to discount or exemption. In determining toll rates and operating revenue, the actual revenue estimate shall be proposed, in consideration of the reduction in operating revenue due to travels of the vehicles specified as those entitled to discount or exemption in the Toll Road Act and municipal ordinances as of the date of public notice: However, agreement shall be reached with the competent authority, if there is a change in vehicles entitled to exemption or discount pursuant to a relevant Act or subordinate statute after the date of public notice.

2. Determination of Total Project Cost, etc.

- (1) The total project cost is expenses incurred in the construction of main project facilities, which shall be the sum of the following costs under Article 22 of the Enforcement Decree of the PPP Act:
 - (i) Survey cost: Land survey costs and other survey costs for the implementation of the project (in accordance with the Standards for Engineering Service Fees under Article 10 of the Engineering Technology Promotion Act);
 - (ii) Design cost: Costs incurred in design works for the implementation of construction works (in accordance with the Standards for Engineering Service Fees under Article 10 of the Engineering Technology Promotion Act or Article 19-3 of the Certified Architects Act);
 - (iii) Construction cost: The sum of material cost, labor cost, expenses, administrative costs, and profit [in accordance with the guidelines for the determination of predetermined prices under Article 9 of the Enforcement Decree of the Act on Contracts to which the State is a Party, the cost calculation standards of the government and standard unit prices (referring to prices publicly notified by the Government, if such prices are available)];
 - (iv) Compensation cost: Costs incurred in compensation for the implementation of the project (referring to the costs incurred pursuant to Articles 70 through

- 79 of the Act on Acquisition of and Compensation for Land, etc. for Public Works);
- (v) Incidental cost: Costs of feasibility analysis, costs of environmental impact assessment, supervision cost, construction and project management cost (CM, PM), and incidental financing costs;
 - (vi) Operation equipment cost: The value of equipment, facilities, machines, and materials initially mobilized for the operation of facilities;
 - (vii) Taxes and public charges: All kinds of taxes, including the acquisition tax, registration tax, and value-added tax, and public charges imposed in relation to the performance and completion of construction works, the registration of title, and the transfer of ownership and various other charges imposed pursuant to Acts;
 - (viii) Operating reserve: Essential expenses incurred in preparing for the operation of facilities, including start-up costs and organizations costs of the corporation for the PPP project;
- (2) Change of Total Project Cost and Total Private Project Cost: Unless an event specified in any provision of a relevant Act or subordinate statute or the concession agreement as a ground for a change of the total project cost occurs, the total project cost and the total private project cost specified in the concession agreement shall not be adjusted afterwards.
- (3) Determination of Total Private Investment Cost: Interest during construction and price fluctuations may be included in determining the total private investment cost required for the construction of main project facilities, and a financing plan for the total private investment cost so determined shall be proposed.
- (4) Determination of Operating Revenue (ΣOR_i): The operating revenue shall be determined with the expected revenue to be generated through the operation of main project facilities, including use fees collected during the operation period or the given period for management and operation rights after completion of the facilities. A project proponent shall propose annual traffic demand estimate under its responsibility and toll rates (fares) and operating revenue determined on the basis of such traffic demand.
- (5) Determination of Operating Costs (ΣOC_i): Operating costs are the sum of

costs required for operation, including costs of repair, amelioration, and substantial repair, invested during the operation period after completion of main project facilities.

- (i) A project proponent shall submit evidencing data about each item in conformity with the nature of the main project in proposing labor expense and general expenses.
- (ii) If operating costs, including maintenance and repair costs of the main project, exceeds the operating costs determined when the project company is designated, investors shall make up for the deficiency by additional investment or other means.
- (iii) If operating costs exceeds the operating costs originally determined due to an occurrence of a natural disaster or a force majeure event, additional operating costs incurred due to a request from the competent authority, or any event other than events specified as grounds for permissible excess of operating costs, such cases shall not be eligible for government financial support or the adjustment of the given period for management and operation rights or toll rates.
- (iv) Unless an event specified in the PPP Act, or a subordinate statute, or the concession agreement as a ground for the reduction of operating costs occurs, the competent authority shall not request the project company to reduce user fees, or the given period for management and operation rights, or pay the amount of the reduced operating costs, if the project company reduces operating costs through efficient management or other measures: However, the foregoing shall not apply to any increase or decrease in operating costs due to an amendment of tax law or any other Act or subordinate statute, and the concession agreement shall stipulate further details thereof.

(6) Reflection of Development Plans, etc. in Estimation of Traffic Demand

A project proponent shall reflect relevant plans with sufficient practicability of the implementation of a project as of the date of public notice in the estimation of traffic demand as follows and shall ensure to propose objective and reasonable results of the traffic demand estimate:

- (i) A project for development of a housing site or an industrial complex with an

- approved implementation plan;
- (ii) A PPP project with potential project companies already designated;
 - (iii) A SOC project financed by the Government with its detail design completed or reflected in the national transportation network plan: However, a project concluded as not feasible for implementation shall be excluded herefrom;
 - (iv) Any individual project other than those specified above, for which the preparation of an implementation plan has been commenced or completed;
 - (v) If an additional relevant plan is reflected according to a project proponent's subjective decision, traffic volume shall be proposed through an additional scenario analysis.

3. Determination of Compensation Cost, etc.

- (1) A project proponent shall submit a project plan, including a plan for securing the project site necessary for the implementation of construction works (hereinafter referred to as "plan for securing the project site"), and the plan for securing the project site shall include supporting data and details of the calculation of compensation cost, a scheme for minimizing compensation cost, and a plan for securing the land required for the project.
- (2) The project company may entrust the competent authority with works for the purchase of land, the compensation for losses, or the implementation of measures for relocation in connection with expropriation or use of land and other property, and further details thereof shall be stipulated by the concession agreement.

V. Evaluation of Project Plans, Designation of Project Company, etc.

1. Evaluation of Project Plans

- (1) The evaluation of project plans shall be conducted in two stages: The "prequalification examination" at the first stage and the "technical factors, demand, and price" at the second stage, and only project proponents

who successfully pass the first-stage evaluation shall be eligible for the second-stage evaluation.

- (2) Project plans shall be evaluated in accordance with the guidelines prescribed in this public notice, and each subject matter of evaluation presented in "Detailed Terms and Conditions for Project Proposal and Implementation" shall be evaluated separately.

2. Designation of Project Company (Execution of Concession Agreement)¹⁰⁾

- (1) The competent authority shall evaluate project plans submitted by project proponents, determine the priority order according to the results of the evaluation to select potential project companies, except in extenuating circumstances, and designate the project proponent who obtains the highest points (including additional points) as the highest potential project company.
 - (i) Project plans shall be evaluated in accordance with the procedure and guidelines prescribed in this public notice for evaluation.
 - (ii) The priority order of potential project companies shall be determined according to the evaluation points (including additional points, if additional points are awarded) of project proponents who are qualified for project proponents and whose project plan satisfies the terms and conditions for implementation of the project.
- (2) When negotiations with the highest potential project company on terms and conditions for the implementation of the project are successfully closed, the competent authority shall designate the highest potential project company as the project company through necessary procedures.
 - (i) The corporation or the corporation that intends to be incorporated designated

10) In cases of a request for alternate proposals for an unsolicited project, it may be necessary to add provisions regarding the "re-survey on estimated demand" added in the amendment to the Basic Plan for PPP Projects for 2009. For example, "the competent authority shall conduct a re-survey on estimated demand, if there is a difference of not less than 30 percent between the demand estimated at the time of the VFM test and the demand estimated and proposed by a private sector entity or it considers it necessary on any other ground."

as the highest potential project company of the main project shall have the largest investor and financial investor (the representative financial investor, if there are two or more financial investors) of the corporation or the corporation that intends to be incorporated participate in negotiations for the execution of the concession agreement.

- (ii) If the competent authority considers it necessary, it may require the main financial institution that provides loans to a project proponent to participate in negotiations.
- (3) The competent authority may discontinue negotiations with the highest potential project company and proceed to negotiate with the second highest potential project company in the priority order for negotiation in any of the following cases: However, the foregoing shall not apply where it is found undesirable to proceed to negotiate due to a significant difference between the results of evaluation of the second highest potential project company and those of evaluation of the highest potential project company.
- (i) Where the highest potential project company fails to satisfy the basic requirements specified by the competent authority;
 - (ii) Where it is found undesirable to continue negotiations due to the highest potential project company's intentional delay in negotiations or other reason.
- (4) If the competent authority finds it impossible as a result of negotiations with potential project companies to designate a proper project company, it may revoke the implementation of the main project as a PPP project.
- (5) No potential project company may request, during negotiations, any matter not specified in relevant Acts and subordinate statutes or any matter not proposed through the project plan as a matter for which the competent authority's assistance is required. Particularly, no increase may be requested during negotiations with regard to a matter that significantly affects the evaluation of a project plan or the implementation of the main project, such as the construction project cost, subsidies, and the rate of return proposed through the project plan, except as otherwise accepted by the competent authority.
- (6) Except where an amendment of a relevant Act or subordinate statute or a

change in project circumstances on or after the date on which a project proposal is filed in accordance with the public notice of the main project significantly affects the main project, the concession agreement shall be executed on the basis of the terms and conditions for the implementation of the project, as presented in this public notice.

- (7) A potential project company may work on detail design or perform other procedures under its responsibility at its cost concurrently in the course of negotiations for the sections in which there is no problem in the selection of the route or the environmental impact assessment in order to commence the project earlier.
- (8) In order to validate the total project cost, the review of the appropriateness of the unit price of construction cost and the review of the economic efficiency of design under the Construction Technology Management Act shall be requested to specialized institutions (such as the Public Procurement Service, the Korea Highway Corporation, the Environmental Management Corporation, and research institutes).¹¹⁾
- (9) If a change arises in any essential term or condition of the project at the negotiation stage, compared with this request for proposals (or the public notice of the request for alternate proposals), whether the VFM for PPP has been secured shall be re-verified before executing the concession agreement.
 - Where the total project cost increases by not less than 20 percent, where the estimated demand decreases by not less than 30 percent, etc.

11) However, the additional review of the unit price of construction cost may be omitted in any of the following cases:

- Where review by a specialized institution on the appropriateness of construction cost has been conducted together with the design value engineering (VE);
- Where the competent authority presents a predetermined price in advance, based on the historical unit price of government-financed projects;
- A project with the estimated total construction cost of less than KRW ten billion;
- Where the project is a typical one and it is not useful to conduct an additional review in light of the level of total construction cost of similar projects.

3. Revocation of designation of project company, etc.

The competent authority may revoke the designation of the project company, revoke the grant of the management and operation rights, or take other measures in any of the following cases in accordance with relevant Acts and subordinate statutes and the concession agreement.

- (1) Where an event specified in Article 46 or 47 of the PPP Act occurs;
- (2) Where the project company implements any project other than projects authorized by relevant Acts and subordinate statutes and the concession agreement.

**Detailed Terms and Conditions of
Project Proposal and Implementation**

I. Scope of Project Proposal

1. Method of Implementing Projects

The method of implementing the main project shall be the Build-Transfer-Operate (BTO) under subparagraph 1 of Article 4 of the PPP Act.

2. Location and Scale of Facilities

(1) Scope of Project

- (i) The scope of the main project shall be the road that will connect the point [*] on the [*] road (in [*], the starting point) to the point [*] on the [*] road (in [*], the ending point) mainly via [*] region and [*] region, and further specific details shall be as set out in the basic drawings¹²⁾ provided by the competent authority.
- (ii) A project proponent may propose a revision with regard to the main connecting road or an access road without deviating from the originally intended functions and use, but shall present a reasonable ground for the revision in such cases.
- (iii) A project proponent shall prepare and submit an optimal plan, based on higher-level plans and future plans related to the main project, such as the [*] plan.¹³⁾
- (iv) The details of agreement with related agencies on the main project are as set out in the attached "Details of Agreement with Related Agencies", and a project proponent shall reflect the details in preparing a project plan.

(2) Number of Lanes and Connecting Roads

The number of lanes of the main route shall be [*] lanes in two directions, connecting [*] road, [*] road, and [*] road.

12) In cases of an unsolicited project, basic drawings are not provided, but the details of the project shall be presented instead as the competent authority decides to implement the project through the VFM testing.

13) The basic plan for public transportation and metropolitan transportation plans relevant to the main project shall be specified.

- (3) Notwithstanding the conditions under the provisions of (1) and (2), the final scale¹⁴⁾ of the main project shall be stipulated by the concession agreement through negotiations with regard to the number of lanes and main connecting roads, if the competent authority finds it inevitable through surveys on the current status of traffic volume and other research.

3. Results of Preliminary Services¹⁵⁾

Only applicants may inspect the results of the preliminary feasibility study and the feasibility study conducted in relation to the main project, and a project proponent shall estimate the demand for the main project under its responsibility by referring to the results of the preliminary review service for the main project to establish the plan for facilities.

4. Output Specifications¹⁶⁾

A project proponent shall submit a project proposal for the main road to satisfy the following output specifications: However, the output specifications applicable when the project is actually implemented shall be stipulated by the concession agreement.

5. Other Technical Matters, etc.

- (1) The design speed and design load of the main road are as follows, and the specific design standards shall conform to "Rule on the Standards for the Structures and Facilities of Roads":
 - (i) Classification of road: It shall be determined through consultation with the

14) If necessary, the operation system (open type or closed type) of tollgate offices for collecting tolls and the number of tollgate offices may be presented in the public notice.

15) In cases of a solicited project, the results of preliminary services, such as the preliminary feasibility study and the feasibility study may be presented so that private sector entities can save time and expenses in preparing a project plan, while it is advisable not to disclose the results of the VFM testing in cases of an unsolicited project to protect the details of the initial proponent's proposal.

16) It may be considered to include output specifications in the public notice of the request for proposals, reflecting the Government's requirements in detail, in order to shorten the period of negotiation.

- competent authority (national expressway, general national road, etc.)
- (ii) Design speed: [*]km/hr on the section of the main route and [*]km/hr on connecting roads (differential application to each type)
 - (iii) Design load: [*] and other bridges (DB24, DL24)
 - (iv) Construction work period: Not more than [*] months
 - (v) Construction plan by phases (to be presented by the competent authority in advance, if necessary)
- (2) The estimated construction cost determined by the competent authority through the setup of a public sector comparator (PSC), is KRW [*] billion, and thus no project proponent may propose construction cost in excess of the amount.

II. Preparation and Evaluation of Project Plans

1. Basic Terms and Conditions of Project Plans

- (1) A project proponent shall prepare a project plan in accordance with Appendix 1, "Guidelines for Preparation of Project Plans."
- (2) Basis for calculation of prices: The calculation of prices shall be based on constant prices (as at [*] day / [*] month / [*] year): However, prices may be adjusted or re-determined as at another base time specified separately when the concession agreement is executed.
- (3) Price fluctuation rate: The rate applicable to the preparation of a project plan shall be four percent per year, but more specific method of application and the applicable rate shall be stipulated by the concession agreement.
- (4) The following factors shall be considered in determining toll rates for evaluating project plans (to be reviewed and presented by the competent authority):

<In cases of a national expressway>

- (i) Toll collection system: (open) or (closed) type
- (ii) Classification of types of vehicle and toll rates: (Example)
 - (a) The classification of types of vehicle and toll rates (as of ___ month, ___ year) of the Korea Highway Corporation shall apply.
- (iii) Standard toll rate (example)
 - (a) [*] times toll rates of the Korea Highway Corporation
- (iv) If the toll rates in a project proposal exceed the standard toll rates, the proposal may have points deducted or be disqualified.

<In cases of any road other than a national expressway>

- (i) Toll collection system: (open) or (closed) type
- (ii) Classification of types of vehicle and toll rates: (Example)
 - (a) Types of vehicle are classified into small/medium/large, and the toll rate applicable to each type of vehicle shall be 1.0/1.5/2.0 times respectively.
- (iii) Standard toll rate: KRW 000 (for small vehicles, inclusive of VAT)
- (iv) If the toll rates in a project proposal exceed the standard toll rates, the proposal may have points deducted or be disqualified.

(5) Matters regarding supplementary projects

<If no supplementary project is to be implemented>

The competent authority will not implement any supplementary project separately.

<If a supplementary project is to be implemented>

The project company may implement any of the supplementary projects specified in Article 21 of the PPP Act and shall include supplementary projects satisfying the following conditions:

- (i) Location of project:
- (ii) Type of project:
- (iii) Scale of project (area of site):

(6) Maximum limit of guaranteeing minimum operating revenue

The competent authority shall present the level of guarantee by referring to the Basic Plan for PPP Projects.

2. Subject matters of evaluation and standards for allocation of points (2-stage evaluation)

The subject matters of evaluation and the allocation of points are as follows, and non-quantitative items, such as technical factors and demand, shall be classified into ten categories in accordance with the Standards for Evaluation of Qualitative Subject Matters of Evaluation (refer to Appendix 2, "Plan for Evaluation of Project Plans) to award grades and allocate points for each grade:

2.1. Subject Matters of Evaluation and Allocation of Points for Technical Factors (example)

Area	Subject Matters of Evaluation – Details of Evaluation	Allocated Points	
Technical factors	Construction plan (200)	(1) Feasibility of Selected Route	(80)
		. Economic feasibility of the selected route	40
		- Appropriateness of the review on alternative routes	20
		- Analysis of economic benefit from the construction of the proposed route	10
		- Analysis of costs of the construction of the proposed route	10
		. Viability of the project, including prior consultation on causes of conflicts	40
		- Whether consulted with related agencies and the appropriateness of plans for countermeasures	20
		- Level of the construction of an environment-friendly road and measures for the settlement of potential civil petitions	20
		(2) Appropriateness of Design and Construction Plan	(80)
		. Appropriateness of design (survey on current status, design standards, alignment plan, etc.)	60
		- Survey on current status	5
		- Design standards	10
		- Alignment plan	5
		- Earthworks/drainage	5
	- Structure plan	10	
	- Tunnel plan	10	
	- Pavement plan	5	
	- Plan for access facilities	5	
	- Plan for ancillary facilities	5	
	. Appropriateness of Construction Plan (schedule plan, quality management plan, environmental management plan, etc.)	20	
	- Appropriateness of construction management plan and schedule plan for each area, etc.	20	
	(3) Appropriateness of Determination of Construction Cost, Compensation Cost, Project Cost, etc.	(40)	
	. Appropriateness of construction cost, design cost, etc.	20	
	. Appropriateness of the plan for securing the land required for the project, including compensation cost	20	
	Project management and operation plan (200)	(1) Appropriateness of Plan for Securing Operational Organization	(40)
		. Formation of the project management organization	20
. Plan for allocating detailed works for each area, etc.		20	
(2) Appropriateness of Plan Established for Stable Operation		(120)	
. Plan for securing facilities and equipment		20	
. Plan for maintenance and repair		30	
. Plan for traffic control and business administration		30	
. Plan for management of disasters and accidents		20	
. Plan for environmental management during operation		20	
(3) Appropriateness of Operating Cost Invested for Providing Quality Services		(40)	
. Costs invested at an early stage of operation and re-invested in facilities		20	
- Appropriateness of costs invested at the early stage and the standards for the determination of such costs		10	
- Appropriateness of the standards for the determination of re-invested costs	10		
. Costs of maintenance and management of facilities	20		
- Appropriateness of the standards for the determination of personnel expense and other expenses and the scale of such expenses	10		
- Appropriateness of the determination of costs of maintenance and management	10		
(4) Level of Contribution to Invigorating Participation by Small and Medium-sized Enterprises and Relief from Bipolarization	(10)		
(5) Appropriateness of Plan for Ancillary Projects	(40)		
. Feasibility and viability of the plan for ancillary projects	20		
- Feasibility of ancillary projects in view of the scale, scope, and location of ancillary projects and the connectivity with the main project	10		
- Reasonableness of the determination of profit from ancillary projects	5		
- Scheme for relieving risks in ancillary projects	5		
. Level of contribution of the plan for ancillary projects	20		
Subtotal		450 points	

2.2. Subject Matters of Evaluation and Allocation of Points for Demand and Price Factors (example)¹⁷⁾

Area	Subject Matters of Evaluation – Details of Evaluation	Allocated Points
Demand and Price Factors (600 points)	(1) Appropriateness of Method and Process of Estimating Traffic Demand	(70)
	. Conformity with analysis of basic data and relevant plans	20
	. Appropriateness of basic assumptions and data to estimate demand	20
	. Appropriateness of the model for estimating traffic demand	30
	(2) Appropriateness of Estimated Demand and the Determination of the Scale of Facilities	(80)
	. Appropriateness of demand estimated demand	60
	. Appropriateness of the determination of the scale of facilities	20
Toll rates (200)	. Absolute evaluation according to the ratio of toll rates to those of the Korea Highway Corporation	200
Ratio of government financial support (200)	. Absolute evaluation according to the ratio of construction subsidies proposed by each project proponent to the estimated construction cost (or) . Relative evaluation by comparing the level of government financial support requested by each project proponent	200
Subtotal	Demand and price factors	550 points
Total Points Allocated	Technical factors and demand, and price factors	1,000 points

2.2.1 Evaluation of Ratio of Tolls (example)

- (1) "Ratio of toll rates" means the ratio of the standard tolls presented by the competent authority, to the tolls proposed by a project proponent.

<In cases of a national expressway>

A multiple in comparison with the distance-weighted tolls of the Korea Highway Corporation shall be determined by calculating the distance-weighted tolls based on the tolls proposed by a project proponent for each subsection (inclusive of VAT).

$$\cdot \text{Ratio of tolls (X)} = [\sum (P_{ij} \times L_{ij}) / \sum L_{ij}] / [\sum (P'_{ij} \times L_{ij}) / \sum L_{ij}]$$

L_{ij} : Length of Section i-j

P_{ij} : Tolls proposed by a private sector entity for Section i-j

P'_{ij} : Tolls of the Korea Highway Corporation for Section i-j

$$(P'_{ij} = 800 + 39.1 \times [l_{ij}^4 \times 1.0 + l_{ij}^6 \times 1.2])$$

l_{ij}^4, l_{ij}^6 = Length of a 4-lane road and of a 6-lane road

l_{ij}^k : Length of a k-lane section in Section i-j (provided, k=4 or k=6)

17) Please refer to "Study on the Scheme for the Improvement of the System for the Evaluation of Project Plans for BTO PPP Projects" published by KDI in Dec. 2006 for a specific example of price evaluation.

<In cases of a national expressway>

$$\text{Ratio of tolls} = \frac{\text{Proposed tolls (inclusive of VAT)}}{\text{Standard tolls}}$$

(2) Standards for Evaluation of Ratio of Tolls¹⁸⁾(example)

<In cases of a national expressway>

(i) The classification of types of vehicle and toll rates of the Korea Highway Corporation (as of ___ month ___ year) shall apply.

(ii) Full points for evaluating ratio of tolls shall be 1.1 times the tolls of the Korea Highway Corporation, and then the evaluation shall be made using the following formula with two times set as 0 afterwards.

$$Y = -222.22 \times X + 444.44$$

(Y: Points, X: Ratio of tolls by the formula in (i))

<In cases of a road other than a national expressway>

(i) The standard tolls presented by the competent authority for the project shall apply.

(ii) Full points for evaluating the ratio of tolls shall be 1.1 times the tolls of the Korea Highway Corporation, and then the evaluation shall be made using the following formula with two times set as 0 afterwards.

$$\text{Allocated points} = -200 \times \text{Ratio of tolls} + 400$$

(iii) Constant prices (as of day/month/year) shall apply.

(iv) If a project proposal includes a condition that part of compensation costs (the portion reflected in the total private project cost) shall be borne by the private sector, the amount by which tolls are affected shall be deducted from

18) As a formula for awarded points, various formulas, such as a quadratic function and a logarithmic function, in addition to a linear function may be taken into consideration.

the proposed tolls in evaluating the level of tolls.¹⁹⁾

2.2.2 Evaluation of Ratio of Governmental Financial Support

"Ratio of governmental financial support" means the ratio of the construction subsidies a project proponent requests the Government to provide to the estimated construction project cost (KRW [*] billion): However, with regard to matters that will impose financial burden on the Government (such as a request to build facilities for accessing nearby roads specified in this public notice as those for which the competent authority does not provide any support), among matters for which a project proponent requests the Government's assistance, excluding compensation costs, the estimated construction cost required to meet such request (excluding operating costs) shall be added to construction subsidies for evaluation.

(Example 1) Absolute evaluation

- (1) The following formula shall apply to the evaluation under the condition that full points (200 points) will be awarded if there is no request for the governmental financial support, while 0 points will be awarded if the governmental financial support so requested is not less than 20% of the estimated construction project cost:

$$Y = -1,000 \times X + 200$$

(Y: Evaluated points; X: Ratio of governmental financial support according to the following formula for the ratio of governmental financial support)

- (2) Criteria applicable to ratio of governmental financial support
- (i) If governmental financial support is requested for various charges incurred in the course of implementing the project, such financial support shall be included in construction subsidies.
 - (ii) Formula for determining the ratio of governmental financial support²⁰⁾

19) If necessary, whether to reflect the results of the VFM testing, etc. shall be determined and publicly notified.

20) In creating a formula for awarded points, a quadratic function, a logarithmic function or such, in addition to a linear function, may be taken into consideration.

$$\text{Ratio of governmental financial support} = \frac{\text{Construction subsidies (KRW in millions)}}{\text{Estimated construction project cost (KRW in millions)}}$$

(Example 2) Relative evaluation

- (1) Relative evaluation shall be made by comparing the level of governmental financial support requested by each project proponent under the condition that the highest points (200 points) will be awarded if there is no request for governmental financial support.
- (2) The highest points will be awarded if there is no request for governmental financial support.
- (3) Formula for determining awarded points

$$\text{Points for price} - \text{Points for price} \times \frac{(\text{Present value of proposed government financial support}) - (\text{Present value of lowest government financial support requested})}{(\text{Estimated project cost publicly notified or announced})}$$

Grade	Amount of governmental financial support requested	Points
A	If the requested level is the lowest	200 points
	<p>Example) Where the estimated project cost of a road project is KRW 1 trillion: If project applicants request governmental financial support of KRW 100 billion, 120 billion, 150 billion, 180 billion, 250 billion, and 300 billion respectively,</p> <ul style="list-style-type: none"> - The project applicant who requests the lowest financial support received full 200 points. - Person who proposes KRW 120 billion: 200 points - 200 points x (120 - 100)/1,000 = 196 points - Person who proposes KRW 150 billion: 200 points - 200 points x (150 - 100)/1,000 = 190 points - Person who proposes KRW 180 billion: 200 points - 200 points x (180 - 100)/1,000 = 184 points - Person who proposes KRW 250 billion: 200 points - 200 points x (250 - 100)/1,000 = 170 points - Person who proposes KRW 300 billion: 200 points - 200 points x (300 - 100)/1,000 = 160 points 	

2.2.3 Evaluation of level of minimum revenue guarantee (example)²¹⁾²²⁾

- (1) The amount requested for the minimum revenue guarantee (MRG) per year shall be evaluated with its present value converted by applying the actual discount rate (6 percent assumed) used for the financial profitability analysis as of the date of calculation of prices.
- (2) Evaluation of appropriateness of level of requested MRG: 50 points (relative evaluation)
 - (i) The highest grade shall be awarded if there is no request for MRG, while the higher grade will be awarded for evaluation, the lower the level of the request for MRG is.
 - (ii) Formula for determining awarded points

$$\text{Points for price} - \text{Points for price} \times \frac{(\text{Present value of proposed MRG}) - (\text{Present value of the lowest MRG proposed}) \times \alpha}{(\text{Estimated project cost publicly notified or announced})}$$

* "α," a weight for raising the level of difficulty, shall be 2.0.

- An amount equivalent to less than 50 percent of the amount presented as the estimated operating revenue shall be excluded from the present value.

Grade	Level of requested MRG	Points
A	If the requested MRG is the lowest	50.0
	Example) If there is no request for MRG and if there are demands for MRG of KRW 20 billion, 25 billion, 30 billion, 40 billion, and 50 billion respectively: <ul style="list-style-type: none"> . Person who requests no MRG: 50 points . Person who proposes KRW 10 billion: 50 points - 50 points x (10-0)x2/500 = 48 points . Person who proposes KRW 20 billion: 50 points - 50 points x (20-0)x2/500 = 46 points . Person who proposes KRW 30 billion: 50 points - 50 points x (30-0)x2/500 = 44 points . Person who proposes KRW 40 billion: 50 points - 50 points x (40-0)x2/500 = 42 points . Person who proposes KRW 20 billion: 50 points - 50 points x (50-0)x2/500 = 40 points 	Based on present value

21) If it publicly notified that there is no MRG provided, MRG shall be excluded from the allocation of awarded points.

22) The level of shortening the given period for management and operation rights may be considered as an subject matter of evaluation for the price factor.

2.3. Application of Criteria for Deduction of Points (if necessary)

In order to prevent noncompliance with rules on project proposals, not included in subject matters of evaluation and allocated points, an omission of any cost, or deficiencies in a proposal, not more than () percent shall be deducted from the total evaluated points if there is a violation of a rule presented in this public notice, and thus points shall be deducted in the following manner for each kind of violation.

(Items subject to deduction of points and the level of deducted points are omitted)

III. Public Notification and Submission of Project Plans

- (1) Period of public notification: (120) days from the date immediately following the date of public notification.
- (2) Time to submit
 - (i) Planning documents for the evaluation stage 1: Day/Month/Year (day)
10:00~18:00
(Submission by mail is not permitted, and the deadline is extended to the day immediately following a public holiday, if the deadline falls on the public holiday)
 - (ii) Planning documents for the evaluation stage 2: Day/Month/Year (day)
10:00~18:00
(Submission by mail is not permitted, and the deadline is extended to the day immediately following a public holiday, if the deadline falls on the public holiday)
 - (iii) Place of filing: Road Traffic Division of 000 Metropolitan Government (Room No. 711)
(Address)
- (4) The number of sets of each project proposal submitted is as follows:

Classification	Planning documents	Form and pages	Number of sets	
			Original	Copies
Stage 1	Documents for prequalification	-	1 set	5 sets
Stage 2	1. Volume 1: Main report (technical factors)	Not more than 200 pages	1 set	10 sets
	2. Volume 2: Main report (price factors)	Not more than 150 pages	1 set	10 sets
	3. Volume 3: Accompanying documents	No page limit	1 set	5 sets
	4. Volume 4: Design documents	No page limit	1 set	5 sets
	5. Volume 5: Financial analysis report and CD-ROM	No page limit	1 set	5 sets

- (i) If it is intended to submit documents related to the main project in addition to the project plan, one original document and five copies of such documents shall be submitted separately: However, one set of annual financial statements and audit reports for the preceding three years shall be submitted.
- (ii) "Design documents" mean design reports, design statements, structural and hydraulic calculations, drawings, the bill of quantity, calculation sheets for unit prices, a ground survey report, a tunnel analysis report, a maintenance and management plan, a report on estimation of traffic demand, a report on surface survey of cultural heritage, an environmental review report, a plan for securing the project site, etc.
- (5) The project proponent's name shall be stated on the front cover of the original main report bundle, accompanying documents, and documents for prequalification in the project plan, and its representative (the representative of a corporation, if the project proponent is a corporation, or the representative of the representative company, if the project proponent is a corporation that intends to be incorporated) shall affix his/her signature or seal on the report bundle and affix his/her seal on each joint of pages.
- (6) A project plan shall be prepared with Hangul 2002 or any software compatible with Hangul 2002, and data about analysis of numerical values shall be prepared in spread sheets, such as Hangul Excel. data

about numerical values applied in preparing the project plan and design documents shall be submitted on diskettes or CD-ROM.

- (7) Relevant financial data to be submitted shall be verified by an accounting firm or other specialized institution.
- (8) No project proponent is permitted to alter or supplement the project plan submitted, and the competent authority shall not return any project plan submitted.
 - (i) If the competent authority considers it necessary for evaluation, it may require all project proponents to submit additional documents and may supplement or amend Appendix 1 "Guidelines for Preparation of Project Plan."
 - (ii) No project plan shall be disclosed to the public without the project proponent's consent.

IV. Implementation Schedule and Cost Sharing

1. Public Notification of Request for Proposals

This public notice necessary for project proposals shall be published through the Official Gazette, three (nationwide) daily newspapers, and web-sites of the competent authority and the Public and Private Infrastructure Investment Management Center.

2. Guidelines for Preparation of Project Plans

- (1) The guide shall be published through the web-site of the competent authority for the period commencing from the date immediately following the date of public notice of the main project to the deadline for submission (inquiry to the Road Traffic Division of 000 Metropolitan Government, Tel: 031-123-4567)
- (2) Inspection and distribution of design documents
 - (i) Period of inspection:
 - (ii) Place of inspection: Design documents

- (iii) Qualification for inspection: Persons who have filed an application for inspection with the competent authority (Road Division).

3. Questions and Answers about Guidelines for Preparation of Project Plans

- (1) A person who has any question about the guidelines for preparation of project plans shall submit a written inquiry within (20 days) from the date immediately following the date of public notice.
- (2) Answers to questions shall be distributed on day/month/year (day) and shall be published altogether through the web-site of the competent authority.
 - (i) Time and place: 14:00~16:00 at the conference room of the competent authority (Room No. 000)

4. Submission of Project Plans

- (1) Planning documents for evaluation stage 1: Day/Month/Year (day)
10:00~18:00

(Submission by mail is not permitted, and the deadline is extended to the day immediately following a public holiday, if the deadline falls on the public holiday)
- (2) Planning documents for the evaluation stage 2: Day/Month/Year (day)
10:00~18:00

(Submission by mail is not permitted, and the deadline is extended to the date immediately following a public holiday, if the deadline falls on the public holiday)

5. Evaluation of Project Plans and Designation of Potential Project Companies

- (1) Notification of results of evaluation stage 1

- (i) Time: Day/Month/Year
 - (ii) Method of notification: Individual notice only to persons who successfully pass the evaluation stage 1 (qualified persons)
- (2) Notification of results of evaluation stage 2 and designation of potential project companies
- (i) Upon receiving project proposals, the competent authority shall designate potential project companies in the priority order based on the results of the evaluation of project plans within 15 days after the completion of the evaluation stage 2, and the notice of the results of the evaluation shall be given to the persons who submitted the project plans pursuant to the Act on the Protection of Personal Information Maintained by Public Institutions.
 - (ii) If any extenuating circumstance arises, the competent authority may extend the deadline for the announcement about the designation of potential project companies according to the results of evaluation and shall notify project proponents of the extension.

6. Designation of Project Company

Pursuant to Article 7 (6) through (8) of the Enforcement Decree of the PPP Act, the competent authority shall review and evaluate project plans submitted by project proponents, execute a concession agreement with a potential project company following negotiations, and designate it as the project company.

7. Application for Approval of Implementation Plans

The person designated as the project company shall file an application for approval of an implementation plan with the competent authority within one year from the date immediately following the date on which the project company is designated: However, the competent authority may extend the deadline only once by not more than one year, if it considers it inevitable.

8. Cost Sharing

- (1) All costs incurred in preparing and submitting a project plan shall be borne by each project proponent.

- (2) In order to maximize creativity and efficiency of the private sector by facilitating competition between project proposals, unsuccessful proponents shall be compensated for part of costs incurred in preparing a proposal: However, an unsuccessful proponent shall not be compensated, if the points awarded thereto as a result of the evaluation of proposals are less than 800 points out of 1,000 points.
- (3) Compensation for proposal costs shall be calculated at any of following rates to basic design costs and shall be paid within the specified period after the execution of the concession agreement:
- If there is only one unsuccessful proponent: 35 percent of basic design costs;
 - If there are two or more unsuccessful proponents: Basically 40 percent of basic design costs, which shall be deducted at ten percent per each proponent in the priority order.²³⁾ ²⁴⁾

V. Essential Contents of the Initial Proponent's Proposal (example for an unsolicited project)

1. Outlines of Project Proposal

- (1) Project name: PPP project for 000 road
- (2) Section: 000 Si, Gyeonggi-do~ 000 Si, Gyeonggi-do
- (3) Construction work period: 00 months from the date of commencement of works
- (4) Given period for management and operation rights: 30 years from the date of commencement of operation.
- (5) Scale
 - (i) Length and number of lanes: 00.00 km (four lanes in two directions)

²³⁾ No compensation shall be paid if the competent authority presents basic drawings.

²⁴⁾ If there are three or more unsuccessful proponents, the number of unsuccessful proponents eligible for compensation shall be determined by the competent authority, considering the nature of the project.

(ii) Tollgate offices, interchanges, etc.: 0 tollgate offices (0 offices on the main route; 0 offices on interchanges), 0 interchanges, and 0 junctions

(6) Initial proponent: (tentatively) 000 Road Company, Ltd.

(7) Current status of investors: 00 companies, including 00 Construction Co., Ltd.

2. Method of Implementation of Project

BTO (Build-Transfer-Operate) type: The type in which the ownership of main project facilities vests in the (competent authority) simultaneous with completion of the facilities and the right to manage and operate the facilities for a specified period is granted.

3. Assistance Requested by Initial Proponent

(1) Timely supply of substitute road facilities for National Road No. 00 that the government plans to construct.

(2) Assistance in the permissibility of changes in the project cost following consultation with related agencies.

(3) Subsidization for compensation cost to prevent any obstacle to the commencement and implementation of the project.

(4) Other administrative assistance

4. Modifications Requested to Initial Proponent

(1) The initial proponent shall not propose toll rates in excess of standard toll rates.

(2) If it is necessary to modify any matter to satisfy terms and conditions presented in this public announcement, the initial proponent shall modify its project proposal and submit it by not later than the deadline for the submission of project proposals.

5. Preferential Treatment of Initial Proponent

(1) Preferential points that may be awarded to the initial proponent in

evaluating project proposals shall be () percent of total points.

- (2) The initial proponent may submit a modified proposal only once by the deadline for the submission of documents for project proposals. In such cases, the preferential points that may be awarded to the initial proponent in evaluating project proposals shall be awarded in accordance with the following guidelines:

Extent of modification of initial proposal	Preferential points
(1) Where the toll rates or the scale of governmental financial support proposed by the initial proposal are modified unfavorably to the government	()%
(2) Where a modification does not fall under the provisions of (1)	()%

※ Preferential points above are the ratios to total points.

[Appendix 1]

Guidelines for Preparation of Project Proposals

(Contents)

1. Guidelines for Preparation of Project Proposals (General)
2. Guidelines for Preparation of Project Proposals (Detailed)
3. Forms

1. General Guidelines for Preparation of Project Proposals

1.1. Composition and Volume of Project Proposals (example)

Classification	Proposal Documents	Form and Volume	Number of Sets Submitted	
			Original	Copies
Evaluation stage 1	Documents for prequalification	-	1 set	5 sets
Evaluation stage 2	1. Volume 1: Main report (technical factors)	No more than 200 pages	1 set	10 sets
	2. Volume 2: Main report (price factors)	No more than 150 pages	1 set	10 sets
	3. Volume 3: Accompanying documents	No page limit	1 set	5 sets
	4. Volume 4: Design documents (technical data, such as design reports, design statements, structural and hydraulic calculations, drawings, the bill of quantity, calculation sheets for unit prices, a ground survey report, a tunnel analysis report, a maintenance and management plan, a report on estimation of traffic demand, a report on surface survey of cultural heritage, an environmental review report, and a plan for securing the project site)	No page limit	1 set	5 sets
	5. Volume 5: Financial analysis report and CD-ROM	No page limit	1 set	5 sets

(1) In principle, the forms presented in these guidelines shall be used for project proposals, but new forms may be used additionally for the main report or for any accompanying document, if necessary.

(i) The competent authority may request additional documents necessary for the evaluation of a project proposal, and in such cases the relevant project proponent shall include such documents in accompanying documents.

(ii) Various certificates shall be deemed valid only if they are issued on

or after the date of this public notice: However, an explanatory statement shall be attached if it is inevitable to submit a certificate issued before the date of public notice.

- (2) A project proponent shall ensure to include matters necessary for the evaluation of project proposals and matters creative in preparing a project proposal even if such matters are not expressly specified in these "Guidelines for Preparation of Project Proposals."
- (3) A project proponent may prepare a project plan in compliance with the standards provided for in relevant Acts and subordinate statutes regarding project plans and a separate plan for achieving the level of performance or operating service higher than the standards mentioned above.

1.2. Form and Font Sizes of Project Proposals

- (1) Except for tables and figures, a project proposal shall be prepared clearly and legibly in A4 paper on both sides with the font size of 12 points and an interval between lines of 160%.
- (2) The report on analysis of the financial model and drawings shall be prepared in A3 paper.
 - (i) A project proposal shall be submitted in a three-hole left-bound binder or book.
 - (ii) If a map or a drawing is prepared in paper larger than A4, it shall be folded to A4 or shall be submitted separately.

1.3. Language, Currency Units, Weights and Measures

- (1) In principle, a project proposal shall be prepared in Korean, but if it is unavoidable to use foreign language or Chinese characters for unambiguous expression, expression in Korean may be followed by parenthesized foreign language or Chinese characters. If the original text of an evidential document or contract is in foreign language, a translation into Korean shall be attached along with the original text, and a summarized translation shall be also attached if the text is in a large volume.
- (2) In principle, Korean won shall be used as currency unit, but if the

currency unit used in an evidential document is a foreign currency, figures converted into Korean won shall be stated in a parenthesis.

- (3) In principle, the metric system shall be used for weights and measures, but if any evidential document is prepared by any system other the metric system, figures converted into the metric system shall be stated in a parenthesis.

1.4. Contents of Project Proposals

In principle, a project proposal shall be prepared in accordance with the Guidelines for Preparation of Project Proposals, but items may be sub-categorized or increased, if necessary, and accompanying documents shall be prepared in accordance with the contents of the main report.

2. Detailed Guidelines for Preparation of Project Proposals

Documents for Prequalification

[Contents]

Chapter 1. Documents to be Submitted

Chapter 2. Composition and Current Status of Investors

- (1) Composition and Current Status of Investors
- (2) History of Investors
- (3) Current Status of Shareholders of Investors
- (4) Financial Statements of Investors
- (5) Financial Ratios of Investors

Chapter 3. Capability to Implement Project

- (1) Design capability
- (2) Construction capability
- (3) Financial capability

Chapter 1. Documents to be Submitted

Documents shall be prepared in conformity with this public notice and the Guidelines for Evaluation Stage 1 in Appendix 2 so that they can be utilized in the evaluation stage.

Chapter 2. Composition and Current Status of Investors

- (1) Forms shall be prepared separately for each investor and shall be accompanied by relevant evidence, if available.
 - (i) The composition of investors in a project proponent and the current status of such investors shall be prepared in Forms 5 and 6.
 - (ii) If an investor is a financial investor or a construction company, this shall be stated in the blank for the role of investors in Form 5.
- (2) The history of each investor shall be prepared in Form 7.
 - (i) Business operations, financial affairs, investment in related companies, and other main events since incorporation until the present shall be briefly described as the history of each investor, and evidencing documents, if any, shall be attached as accompanying documents.
- (3) A statement regarding the current status of shareholders of each investor shall be prepared in Form 8; If an investor is a listed corporation, the statement shall be prepared only for shareholders each of whom owns not less than three percent of outstanding stocks in the corporation, while if an investor is an unlisted corporation, the statement shall be prepared only for shareholders each of whom owns not less than ten percent of outstanding stocks in the corporation; and the latest list of shareholders available, describing holders, the number of stocks held, the amount, and the ratio of shares, shall be submitted as an accompanying document with the base date clearly stated thereon.
- (4) An investor's financial statements shall be prepared as follows:
 - (i) Profit and loss statement: Profit and loss statements for the latest three years shall be prepared for each investor separately in Form 9.
 - (ii) Balance sheet: Balance sheets for the latest three years shall be prepared for each investor separately in Form 10.
- (5) Financial Ratios
 - (i) A statement regarding financial ratios for the latest three years shall

- be prepared for each investor separately in Form 11, and the bases of calculation shall be attached thereto.
- (ii) The ratios presented by the Bank of Korea in its latest "Analysis on Business Management" available shall be applied as financial ratios of the relevant industry, and the bases of calculation shall be attached thereto.
- (6) Forms 9, 10, and 11 shall be prepared in the form of computerized data by using spread sheets, such as Hangul Excel, and shall be stored and submitted on diskettes or CD-ROM.

Chapter 3. Capability to Implement Project

- (1) A statement regarding design capability and construction capability shall be prepared in Forms 12, 12-1, 13, 14, 15, and 16.
 - (i) With regard to the design capability, a document verified by project owners on performance of design works and share in the participating consortium shall be also submitted.
 - (ii) With regard to the construction capability, certificates of performance verified by each issuing agency shall be also submitted.
 - (iii) If a project proponent intends to select companies for design and construction after it is designated as the project company, it shall submit a letter of commitment stating that it will have companies qualified in conformity with the regulations on prequalification and a plan for contracting construction works.
- (2) Financial Capability
 - (i) A sheet for evaluation of financial capability shall be prepared in Form 17.
 - (ii) Documents necessary for the evaluation of financial capability shall be submitted in accordance with the guidelines for the evaluation stage 1.
 - (iii) If it is intended to have the net cash flow from operating activities evaluated, accounting audit reports for the past five years shall be submitted.
 - (iv) Other documents necessary for evaluation shall be submitted.

<p style="text-align: center;">Volume 1. Main Report (Construction Plan and Project Management and Operation Plan)</p>

[Contents]

Chapter 1. Plan for Relevant Project

Section 1. Project Overview

Section 2. Review of Government' s Medium and Long-Term Plans

Section 3. Results of Survey and Analysis on Location and Current Status of Route of Project

Section 4. Preliminary Environmental Review

Chapter 2. Construction Plan

Section 1. Selection of Route

(1) Feasibility of selected route

(2) Consultation on route and measures to be taken

Section 2. Plan for Design and Construction

(1) Design plan

(2) Construction plan

(3) Determination of total project cost

Chapter 3. Project Management and Operation Plan

Section 1. Operational Organization

(1) Personnel in each area and plan for organization

(2) Plan for allocation of works in each area

Section 2. Operation and Management

(1) Plan for securing facilities and equipment

(2) Maintenance and repair plan

(3) Traffic control and business management plan

(4) Natural disasters and accidents management plan

(5) Environmental management plan during operation

Section 3. Investment of Operating Costs

(1) Plan for investment at an early stage of operation and re-investment in facilities

(2) Costs of maintenance and management of facilities

Chapter 4. Estimation of Traffic Demand

Section 1. Determination of Traffic Volume

(1) Analysis of basic data

(2) Estimation of traffic demand

Section 2. Requests for Government Assistance

(1) Requests for government financial support, such as access roads

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Section 3. Level of Contribution to Social Benefit

(1) Plan for participation of small and medium-sized enterprises

(2) Other efforts for providing social benefit

Chapter 1. Plan for Relevant Project

The project overview, the review of the Government's medium- and long-term plans, the results of the survey and analysis on the location and current status of the route of the project shall be described.

Chapter 2. Construction Plan

Section 1. Selection of Route

(1) Feasibility of selected route

- (i) Connecting existing or planned road networks and the feasibility of the proposed route shall be described in detail.
- (ii) The accessibility, connectivity, and economic efficiency of each alternative route shall be analyzed and described.
- (iii) The result of the analysis on direct effects and costs of the construction of the road, including travel time, travel costs, and environmental costs, shall be described.
- (iv) The effects of the proposed route on the development of national land and regional development shall be analyzed and described.

(2) Consultation on route and measures to be taken

- (i) Details of consultation on the route plan and measures to be taken
 - The details of the consultation with related agencies on the plans for the route and structures and a scheme for measures to be taken shall be described in Form 18.
 - Relevant documents, such as copies of official correspondences on consultation with related agencies, shall be attached.
- (ii) Matters regarding environment and civil petitions shall be identified in advance and whether measures have been taken for such matters shall be described.

Section 2. Plan for Design and Construction

(1) Design plan

- (i) The survey on the current status, design standards, the alignment plan, the plan for earthworks and drainage works, the plan for structures, the tunnel plan, the pavement plan, the plan for access

facilities, etc.

- A draft design shall be proposed, and the details of the draft design shall be described (drawings and other data shall be attached to design documents)
 - Data shall be presented to evaluate the appropriateness of the survey on the current status, the determination of the route, the establishment of design standards, and the plan for facilities for connecting with existing roads and bridges.
 - Data shall be presented to evaluate the structural stability of the planned cross-section, the compliance with design standards and specifications, the appropriateness of the applied load and the determined strength, etc.
 - Data shall be presented to evaluate the appropriateness of the design plan for the ground, including the survey plan and items subject to the survey, the analysis of existing data, and the application of such data to design.
- (ii) A plan for the business operation system and the scale and location of ancillary facilities, such as resting areas and gas stations, shall be prepared and submitted.
- The type and scale of the business operation system and the plan for business operation in connection with connecting roads shall be described.
 - With regard to the plan for the installation of ancillary facilities, such as resting areas and gas stations, the location of such facilities shall be marked on the drawings at a scale of 1/50,000~1/25,000, and layout plans for buildings shall be prepared in drawings on a scale of 1/1,200~1/1,000 ((including the plan for facilities for convenience of users, such as toilets, parking facilities, incineration plants, and waste disposal facilities).

(2) Construction plan

- (i) The plan for the management (organization) of construction works for each area shall be prepared (including schedule, construction works, quality, safety, environment, and ancillary facilities).
- (ii) The work process plan and the annual plan for investment of budget

shall be proposed.

- The schedule plan chart (preliminary schedule management chart) for all sections with the critical path marked thereon shall be prepared (a letter of confirmation on the organization for the management of work process, issued by the Construction Association of Korea, shall be submitted).

- An annual investment plan (equipment, manpower, and budget) shall be described.

(iii) A scheme for the reduction of environmental impact.

(iv) Measures for quality and safety control.

(v) A plan for traffic control during construction works.

(vi) A scheme for measures to be taken for civil petitions during construction works.

(vii) A scheme for assurance of reliable construction (coverage of insurance, insured value, etc.).

- A plan for insurance shall be attached with the prospective insurance company's confirmation thereon.

- A plan for joint surety or performance of the project shall be prepared and submitted.

Section 3. Determination of Total Project Cost

(1) Determination of total project cost

(i) With regard to each item of survey cost, design cost, construction cost, supervision cost, and various impact assessment costs, the bases of the calculation of quantity, the applied unit prices (including changes of base time), the details of the determination of construction cost for each work section, and the course of the determination of construction cost shall be presented in detail.

(ii) Accompanying documents about the bases of the calculation of project cost shall be submitted.

(2) Plan for securing the project site: Refer to the Guidelines for Preparation of Plan for Securing Project Site in the "Volume 5. Design Documents."

- A summary of relevant facts shall be described in this main report, while a detailed plan for securing the project site shall be prepared

and submitted in addition to this main report.

Chapter 3. Project Management and Operation Plan

Section 1. Operational Organization

- (1) A plan for personnel of the operational organization in each area of maintenance and management and the composition of such personnel (corporation, business management, traffic control, ITS, etc.) shall be described.
- (2) A plan for the allocation of works in each area shall be described.

Section 2. Operation and Management

- (1) Plan for securing facilities and equipment
 - (i) A plan for facilities, such as management offices and tollgate offices, shall be described in accordance with the plan for maintenance and management.
 - (ii) A plan for securing heavy equipment, such as snow ploughs, shall be described in accordance with the maintenance and management plan.
- (2) Maintenance and repair plan
 - (i) A maintenance and repair plan of roads, ancillary facilities, ITS facilities, tunnels, and other facilities shall be described.
 - (ii) A maintenance and repair plan of bridges, tunnels, slopes, and other facilities shall be described.
- (3) A traffic control and business management plan
 - (i) A traffic control plan, including plans for the ITS system and the handling of accidents, shall be described.
 - (ii) A business management plan, including the operating method and means for the payment of tolls, shall be described.
- (4) A natural disasters and accidents management plan
 - (i) A plan for the control of each type of natural disaster or accident shall be described.
 - (ii) The composition of the organization for the management of natural disasters and accidents shall be described.

- (iii) A plan for securing materials in cases of natural disasters and accidents shall be described.

Section 3. Investment of Operating Costs

- (1) Plan for investment at an early stage of operation and re-investment in facilities
 - (i) A plan for the investment of costs at an early stage shall be described, considering the costs for the installation of facilities.
 - (ii) A plan for the re-investment of operating costs shall be described, considering the cycle of re-pavement of roads and the replacement of operation equipment.
- (2) Maintenance and management costs of facilities
 - (i) The bases of the determination of operating costs, including personnel expense, insurance costs, and charges, and such costs shall be described.
 - (ii) The basis for the determination of costs of maintenance and repairing of roads and administrative expenses for operation equipment and such costs and expenses shall be described.

Chapter 4. Estimation of Traffic Demand

Section 1. Determination of Traffic Volume

- (1) The data from the survey of the current status for the estimation of demand and the utilization of basic data shall be described.
 - (i) The impact of the implementation of the main project shall be analyzed, based on the survey on the current traffic conditions around the proposed route and the survey on the traffic facilities related to the project, and the overview and results of the field survey shall be described in detail, if such survey has been conducted.
 - (ii) Data from officially recognized public institutions shall be utilized as statistical data on future socioeconomic indices for the estimation of future traffic volume on the proposed route, but the sources of the quoted statistical data shall be clearly stated.
 - (iii) Basic data for the estimation of future traffic volume on the proposed

route shall be prepared by referring to the latest data distributed by the Center for Korea Transport Database (KTDB) of the Korea Transport Institute (KOTI), and whenever basic data are modified or supplemented, the course and results of such modification and supplementation shall be described in detail.

- (iv) The following development plans established for an area affected by the project shall be reflected in the estimation of demand, and a specific method of reflecting them shall be described with regard to other relevant plans that a proponent adds under its subjective judgment:
 - (a) A development project for a housing site or an industrial complex with the development plan already approved;
 - (b) A PPP (road) project at a stage subsequent to the designation of potential project companies .
 - (c) A government-financed (road) project reflected in the "National Main Transport Network Plan." However, project determined as infeasible to implement, among projects in the "Second Five-Year Plan for National Roads and Government-Subsidized Local Roads," shall be excluded herefrom.
 - (d) Any individual project other than the projects specified above, for which an implementation plan has been commenced and completed.
 - (v) Where a project proponent reflects additional relevant plans under its subjective judgment, it shall propose traffic volume through a separate scenario analysis and shall explain the difference at each stage of the estimation of demand from the results of the estimation of demand according to the guidelines for reflecting relevant plans specified in this public notice.
- (2) Basic assumptions for the estimation of demand and the course of the estimation of demand shall be described.
- (i) With regard to the approach for estimating demand for the proposed route, a reasonable model may be selected by each proponent's judgment, considering the nature of the project, and the proponent shall explain the selected model by stages and specify the bases for

the determination of factors applied to the model and the sources of data.

- (a) Where a project proponent draws out traffic distribution for itself, it shall specify the applied model, the course of the settlement of the mode, and the method for the calibration of zero cells and explain the reasonableness by presenting the distribution of traffic volume in each zone of distance regarding the results of the traffic distribution.
 - (b) Where a project proponent develops a modal split for itself, it shall specify the course of the development of the modal split and the course of the settlement of the model and describe the appropriateness of the value of each factor of the utility function, codes, and variables.
 - (c) Data from officially recognized public institutions shall be utilized as basic data applicable to traffic assignment (average auto occupancy, passenger car equivalent, traffic delay function, etc.), but the sources of quoted statistical data shall be stated.
- (ii) Where a traffic zone on basic data is modified to analyze the impact of the proposed route, the methods of zoning and modification shall be specified in detail, and the results in comparison with basic data (national transport DB) shall be presented.
 - (iii) Future traffic volume on the proposed route during peak hours and off-peak hours shall be separately estimated so that the conditions of traffic congestion can be estimated, and the traffic ratio and continuous hours necessary therefor shall be determined in accordance with the Standard Guidelines for the Preliminary Feasibility Test of Road and Railroad Projects, published by KDI in September 2004: However, a project proponent may be permitted to conduct a separate survey on the ratio of peak-hours and continuous hours in the neighborhood of the project site and use the statistically verified data as a substitute.
 - (iv) In order to raise the accuracy of the results of traffic assignment, a project proponent shall settle the network regarding the following points (Figure OO) by comparing the results of traffic assignment for

the reference year with the data from the field survey or the data published by an officially recognized institution on the current traffic conditions and shall state the results of the settlement in detail.

- (v) In estimating future socioeconomic indices and traffic volume of the proposed route, a project proponent shall compare such indices and traffic volume with the results of estimation on high-level plans of the competent authority and other relevant plans.
- (3) The results of the demand estimation shall be described.
- (i) A project proponent shall explain the appropriateness of the future traffic demand estimated by it by comparing it with data from KTDB for each state of the demand estimated (traffic generation, traffic distribution, modal split, traffic assignment).
 - (ii) A project proponent may independently propose traffic volume through traffic analysis but present the bases for the estimation of traffic volume.
 - (a) A project proponent shall include data about the analysis on the traffic demand in relation to the collection of tolls **1.0 time the standard toll rates (or toll rates of the Korea Highway Corporation)**, toll rates it intends to apply to implement the main project, and the price-elasticity of tolls to traffic demand.
 - (iii) A project proponent shall analyze traffic volume during peak hours and off-peak hours separately in estimating daily traffic volume and shall present the results therefrom for weekends and weekdays separately.
 - (iv) A project proponent shall describe the traffic volume proposed to apply to the main project, the traffic volume depending upon changes in toll rates (**including the traffic volume to which toll rates 1.0 time standard toll rates are applied**).
- (4) Application of Estimated Results
- (i) The method for determining the scale of facilities and the results therefrom shall be described in detail.
 - (ii) The courses of the risk management through the sensitivity analysis and economic efficiency analysis shall be described.
- (5) Method for collecting toll rates and plan for ancillary traffic facilities

- (i) A plan for the toll collection system shall be established and submitted.
 - (ii) A plan for the method of collecting tolls.
 - (iii) Kinds of tickets (passes, etc.) and the plan for issuing tickets, if it is necessary to issue such tickets.
 - (iv) Other plans for establishing a business operation system for the convenience of users shall be described.
 - (v) Plans for the installation of various ancillary traffic facilities, including facilities for the control of overloaded vehicles, road signs, and traffic safety facilities, shall be prepared.
- (6) A project proponent shall establish an implementation plan regarding the plan for the installation of an advanced traffic system and include the details of the costs for installation in the project cost (it shall be ensured that traffic information about expressways connected to the main route and nearby roads can be linked through the system)
- (7) A plan for surveys on traffic volume and other traffic data and a plan for establishing a database shall be prepared.

Section 2. Requests for Government Assistance

- (1) Requests for government financial support, such as access roads
- (i) A project proponent shall analyze and describe the practicability, acceptability, and feasibility of the construction of nearby roads requested by the project proponent in relation to the main project and other requests for the government's assistance.
 - However, requests for timely performance of actions (budgeting, time to implement, etc.) shall be exclude herefrom, if a plan for construction subsidies, the subsidization for land cost, or the government's plan has already been established.
- (2) Demands for non-financial support, such as authorization and permission for construction
- (i) A project proponent shall analyze and describe the validity of matters in which it requests administrative assistance, such as the handling of civil petitions, and the authorization or permission, in connection with the main project.

Section 3. Level of Contribution to Social Benefit

- (1) Plan for participation of small and medium-sized enterprises
- (2) Other efforts for providing social benefits
 - (i) A plan for the transfer to the national treasury of revenue exceeding the negotiated operating revenue.
 - (ii) A project proponent shall describe a plan for increasing toll rates, considering users' convenience.

**Volume 2. Main
Report (Price Factors)**

[Contents]

Chapter 1. Determination of Total Private Project Cost

Chapter 2. Plan for Investment of Equity Capital and Borrowed Capital

Chapter 3. Plan for Procurement of Reserve Funds

Chapter 4. Cash Flow Analysis and Statements of Financial Forecast

Chapter 5. Rate of Return on Project

Chapter 6. Requests for Government Assistance

Chapter 7. Determination of Toll Rates

Chapter 1. Determination of Total Private Project Cost

- (1) The total project cost, total investment cost, total private investment cost, etc. shall be proposed.
 - (i) A statement regarding the determination of the total project cost shall be prepared and submitted in Form 22, including accompanying documents regarding the bases of the calculation, by using a spread sheet, such as Hangul Excel, in the form of computerized data.
 - (ii) A statement regarding the determination of the total investment cost and the total private investment cost shall be prepared in Form 24.

Chapter 2. Plan for Investment of Equity Capital and Borrowed Capital

- (1) An annual financing plan, a financing plan for each investor, etc. shall be presented.
 - (i) A plan for the investment of equity capital shall be prepared in Form 24.
- (2) An annual plan for the procurement of borrowed capital, a letter of commitment (or a letter of intent) on loans, etc. shall be presented.
 - (i) A project proponent's annual plan for borrowing loans shall be prepared in Form 25.

Chapter 3. Plan for Procurement of Reserve Funds

A plan for the procurement of a reserve fund, a letter of commitment on additional investment, etc. shall be presented.

Chapter 4. Cash Flow Analysis and Statements of Financial Forecast

- (1) The cash flow for determining the scale of the governmental financial support shall be prepared and submitted in Form 26 by using a spread sheet, such as Hangul Excel, in the form of computerized data.
- (2) Statements of financial forecast
 - (i) Statements of financial forecast shall be prepared for the whole period of the project (including construction period).
 - (ii) An estimated profit and loss statement shall be prepared in Form 27, and the assumed criteria shall be presented.
 - A project proponent shall independently propose an exchange rate by

referring to the base exchange rate of the Korea Financial Telecommunications and Clearings Institute as of the base date for the calculation of prices, and the bases of the calculation shall be included in the project proposal.

- The survey cost, design cost, construction cost, compensation costs, incidental costs, operation equipment cost, taxes and public charges, operative reserve, etc. enumerated in Article 22 (1) of the Enforcement Decree shall be included in the cost of sales after amortizing the management and operation rights during the given period for management and operation rights.
- The operation equipment cost shall be included in the cost of sales after depreciating it by the straight line method or the declining balance method according to the service life applicable in accordance with tax laws in force when this public notice is given.
- A project proponent shall independently propose an interest rate on loans to be borrowed.

- (3) The details of the calculation of costs in each account shall be contained in accompanying documents, which shall be prepared mainly regarding the cost of sales, sales and administrative expenses, and non-operating expenses.
- (4) Estimated balance sheets shall be prepared in Form 28, and the details of the calculation of the amount in each account shall be contained in accompanying documents.
- (5) Forecast cash flow statements shall be prepared in Form 29, and the details of the calculation of the amount in each sub-item of each account shall be contained in accompanying documents by the direct approach in accordance with the Corporate Accounting Standards.
- (6) Forms 27, 28, and 29 shall be prepared and submitted in the form of computerized data by using a spread sheet, such as Hangul Excel.

Chapter 5. Rate of Return on Project

A project proponent shall prepare a statement of the required rate of return, based on the expected rate of return on the project, and the bases of the determination of the rate and shall submit it along with the after-tax rate of return.

Chapter 6. Requests for Government Assistance

- (1) The central government subsidy and other requests to the government shall be described, and matters for which the government's expenditure is required shall be proposed in detail, along with the reasons therefor.
- (2) A statement regarding the scale of annual construction subsidies shall be prepared in Form 30.

Chapter 7. Determination of Toll Rates

A statement regarding toll rates for each type of vehicle (inclusive of VAT) shall be prepared, based on the guidelines presented in this public notice, and the proposed toll rates in comparison with standard toll rates (or the toll rates of the Korea Highway Corporation) shall be proposed in detail in accordance with the guidelines for the determination of toll rates.

- (1) Reference shall be made to the 2. Determination of Rate of Return and Toll Rates in IV. Guidelines for Preparation of Project Proposals for this public notice.
- (2) The results of the analysis on the elasticity of traffic demand according to changes in toll rates shall be presented.

Volume 3.
Accompanying Documents

Documents accompanying a proposal shall be prepared based on facts, so that they can be utilized in evaluating project proposals, and forms shall be prepared independently by each project proponent so that relevant contents can be clearly understood.

<p style="text-align: center;">Volume 4. Design Documents</p>

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Chapter 3. Appropriateness of Selection of Route

Section 1. Essential Considerations in Selecting Routes

Section 2. Scheme for Minimizing Compensation Costs

Chapter 4. Determination of Estimated Compensation Costs

Section 1. Statement of Compensation Cost

Section 2. Statement of each Parcel of Land

Chapter 5. Budgeting for Compensation and Plan for Securing Land for Project Site

Design documents for a project proposal shall be prepared, based on relevant guidelines, so that they can be utilized for evaluating project proposals, and each project proponent shall independently prepare and submit relevant forms, while a plan for securing land for the project site shall be prepared in accordance with the following guidelines for preparation.

Chapter 1. Guidelines for and Method of Determining Compensation Costs

- 1.1. The guidelines for determining the land compensation cost shall be prepared or presented, considering the project overview and the location and current status of the project route, and the land compensation cost shall be determined by referring to the Guidelines for Evaluation of Investment in Projects for Development of Public Transport Facilities (published by the Ministry of Construction and Transport in April, 2004) and applying three times the latest publicly notified individual land price.
- 1.2. The method of calculating compensation costs, including compensation cost for land, compensation cost for obstacles, and relocation cost, in detail in accordance with the guidelines for the determination of the land compensation cost applicable to the main project.

Chapter 2. Survey on Current Status for Compensation

Section 1. Current Status of Land Use

A survey shall be conducted on the current status of land use of each land category in the project section and the specific use areas on relevant urban plans to designate a zone subject to a field survey (a large city, environs of a large city, a city, the suburb area of a city, the outskirts of the Seoul Metropolitan Area, a local city, environs of a local city, a local area, etc.).

Section 2. Relevant Acts and Subordinate Statutes and Statistical Research

Objective data relevant to compensation cost (statistics, public notifications, public announcements, etc.) shall be researched and utilized as basic data for determining compensation costs.

Section 3. Survey on Appraisal Cases and Actual Selling Prices

Data from the analysis on the causes of an increase or decrease in the compensation cost for the relevant project shall be presented through a survey on appraisal cases for similar projects and actual selling prices in nearby areas.

Chapter 3. Appropriateness of Selection of Route

Section 1. Essential Considerations in Selection of Route

A plan for minimizing damage to environments (and preventing civil petitions from being raised) shall be established, considering the current status of actual land selling prices in each prospective route and local characteristics (living environment).

Section 2. Scheme for Minimizing Compensation Cost

If necessary, an area subject to an intensive review shall be designated to prepare details of close review (a statement of compensation cost for each parcel of land), and an economic plan for minimizing the project cost (construction cost + compensation cost) shall be established if the route passes through a densely populated residential area or an expensive area to be included in the project.

Chapter 4. Determination of Estimated Compensation Costs

Section 1. Statement on Compensation Costs

For efficient evaluation, the land compensation cost shall be calculated by calculating the area to be included in the project and then applying three times the latest publicly notified individual land price in accordance with the guidelines for the evaluation of investment, while the compensation cost for an obstacle or a facility in an area through which the route passes shall be calculated and included separately in the compensation cost.

Section 2. Statement on each Parcel of Land

A statement on the compensation cost for each parcel of land shall be prepared in accordance with guidelines for the evaluation of investment in order to raise accuracy in determining the compensation cost and utilize it as supporting data if any dispute arise in the future in connection with the compensation cost, the statement shall describe the identification number of parcel, the land category, the area included, the publicly notified land price, the

compensation cost, etc. and shall include data from the close review on the area included for the implementation of the project and the area subject to the intensive review.

Chapter 5. Budgeting for Compensation and Plan for Securing Land for Project Site

- 5.1. An annual plan for securing the land to be included in the project shall be established, considering the entire work process plan, and it is permitted to include "parcels of land subject to potential compensation" in each zone to prevent an increase of the land price around the project site.
- 5.2. A detailed compensation plan shall be established, based on the annual plan for securing the land to be included in the project, and a scheme for preventing inconvenience of residents in and around the project site and optimizing the level of land use.

3. Forms

<Form 1>: Application for Designation of Project Company
<Form 2>: Incorporation Plan (for a corporation that intends to be incorporated)
<Form 2-1>: Current Status of Applicant (for an existing corporation)
<Form 3>: Oath
<Form 4>: Form for Registration of Seal Impression
<Form 5>: Composition of Investors
<Form 6>: Current Status of Investor
<Form 7>: History of Investor
<Form 8>: Current Status of Shareholders of Investor
<Form 9>: Profit and Loss Statement of Investor
<Form 10>: Statement of Financial Position of Investor
<Form 11>: Financial Ratios of Investor
<Form 12>: Track Records of Detail Design Services
<Form 12-1>: Certificate of Contract Awarded for Design Services for Detail Design and Construction in Package
<Form 13> Letter of Undertaking on Participation in Detail Design Works
<Form 14>: Current Status of Subsections Divided for Participating Contractors
<Form 15>: Certificate of Track Record of Construction of Facilities
<Form 16>: Certificate of Track Record (Progress Rate) of Construction of Facilities
<Form 17>: Financial Capability Evaluation Sheet
<Form 18>: Current Status of Consultation with Local Governments, etc.
<Form 19>: Organizational Chart
<Form 20>: Criteria for Appointment of Senior Management
<Form 21>: Determination of Traffic Volume
<Form 22>: Determination of Total Project Cost

- <Form 23>: Determination of Total Investment Cost and Total Private Investment Cost
- <Form 24>: Plan for Investment of Equity Capital by Investors
- <Form 25>: Annual Plan for Borrowing Funds
- <Form 26>: Cash Flow Analysis
- <Form 27>: Estimated Profit and Loss Statement
- <Form 28>: Estimated Balance Sheet
- <Form 29> Estimated Cash Flow Statement
- <Form 30>: Requested Amount of Governmental Financial Support and Determination of Timing
- <Form 31>: Inquiry about Request for Alternate Proposals
- <Form 32>: Statement of Composition of Enterprise Group
- <Form 33>: List of Specially Related Persons
- <Form 34>: Insurance Plan
- <Form 35>: Total Private Project Cost for Determination of Toll Rates
- <Form 36>: Summary of Essential Financial Factors
- <Form 37>: Sensitivity of Essential Factors

※ Forms 26 through 30 and Forms 36 and 37 shall be submitted upon a review by a certified public accountant or an accounting firm.

<Form 1>

Application for Designation of Project Company

① Name of corporation		② Telephone No.	
③ Representative		④ Representative's Resident Registration No.	
⑤ Largest Investor		⑥ Business Registration No.	
⑦ Location			

Pursuant to Article 9 of the Act on Public-Private Partnerships in Infrastructure and Article 7 of the Enforcement Decree of said Act, we hereby apply for designation as the **project company** of the project for the construction and operation of ○○○○.

(Date)

(Name of corporation)
Representative (seal)

To the Competent Authority

Note: If the applicant is a corporation that intends to be incorporated, an incorporation plan shall be attached hereto.

<Form 2>

Incorporation Plan (for a corporation that intends to be incorporated)

Trade Name		Representative	Name	
Head Office			Resident Registration No.	
Place of Business		Number of Promoters		
Paid-in Capital (Authorized Capital)		Date of Promotion		
Number of Employees		Scheduled Date of Incorporation		
Main Bank		Month of Settlement of Accounts		
<u>Incorporation Schedule</u>				

Note: In cases of a consortium, each investor shall print its name and affix its seal separately.

<Form 2-1> Current Status of Applicant (for existing corporation)

Current Status of Applicant (for existing corporation)

Trade Name			Name	
Corporation Registration No.		Representative	Resident Registration No.	
Business Registration No.		Head Office		
Form of Business		Place of Business		
Item				
Main Product		Date of Incorporation		
Total Assets	100 millions of KRW	Date of Settlement of Accounts		
Paid-in Capital	millions of KRW	Main Bank		
Sales	millions of KRW	Number of Employees		persons
Restriction or suspension of qualification for bidding	Period			
	Reasons			
<p><u>History of Corporation</u></p>				

- Note 1. Total assets and sales for the latest fiscal year shall be stated.
2. The past period during which the qualification for bidding has been restricted or suspended within the latest three years and the reasons therefor shall be described in the relevant blank.
3. Accompanying documents: One copy of the certified transcript of corporate register and articles of incorporation.

<Form 3>

Oath

We, the corporation stated below, have prepared all documents for application for the project, based on facts, and thus we assume legal, financial and administrative responsibility therefor. In addition, we will ensure citizens' convenience to the maximum extent by performing operation and management in good faith during the project period after construction works. If any misstatement, whether intentional or negligent, is discovered in the future, we hereby pledge to accept the revocation of designation as the project company, lawful disadvantage, and any other administrative disposition.

1. We have prepared copies of the documents for application for the project in conformity with original documents.
2. If we are designated as the project company, we will perform operation and management in good faith during the use period after completion of the project and assure of citizens' convenience to the maximum without placing any restriction on specific persons unfairly.
3. If we are designated as the project company, we will perform the terms and conditions provided for in relevant Acts, subordinate statutes, regulations, the relevant request for proposals, etc.
4. If any construct cost is incurred in excess of the reserve funds during the construction period of facilities or if there is a deficiency in the operating funds during the operation period and such an deficiency is not fully covered by loans from financial institutions, each investor will contribute an additional amount equivalent to each investor's share in the deficiency (the full amount in cases of an existing corporation).

(Date)
(Name of Corporation)
Representative (seal)

To the Competent Authority

Note: In cases of a consortium, each investor shall print its name and affix its seal on a separate sheet attached hereto.

<Form >

Form for Registration of Seal Impression

Seal Impression	Address Trade Name Representative	

The above seal impression is of the seal which this project proponent uses, and thus we will use it in all documents that we submit to the 000 Metropolitan Government from time to submit a proposal for the Public-Private Project for the 000 road in the 000 Metropolitan City to the time to execute the concession agreement, and thus we hereby submit this Form for Registration of Seal Impression, undertaking to take full legal responsibilities for the use of the above seal.

Attachment: One copy of the certificate of corporate seal (certificate of corporate seal of the representative investor in cases of a corporation that intends to be incorporated)

(Date)

Address:
Trade Name:
Representative: (Seal)

To the Competent Authority

Note: If investors are foreigners, their signatures and the Directory Authorized Signature shall be submitted.

<Form 5>

Composition of Investors

Name of Investor	Location	Share of Investment	Ratio to Total Private Investment Cost	Role of Participants
Number of Investors		100%	Total	

- Note: 1) Investors shall be listed in the order of their share of investment from the investor who holds the largest share of investment.
- 2) In the role of participants, whether an investor is a construction company, a company specializing in operation, or a financial investor shall be indicated.
- 3) If affiliated companies in an enterprise group make a joint investment, the details of the entire investment by the main project implementor and affiliated companies shall be stated, and individual investors and the details of investment shall be stated in each bracket underneath.

<Form 6>

Current Status of Investor

Company Name		Business Registration No.	
Representative		Form/Type of Business	
Address of Head Office		Credit Rating	
Address of Place of Business		Main Product	
		Date of Settlement of Accounts	
Shareholders' Equity	100 millions of KRW	Date of Incorporation	
Number of Employees	persons	Main Bank	
Sales	KRW in 100 millions	Total Assets	100 millions of KRW
Person in Charge	Name: Department: Telephone No.:		Fax No.: E-mail address:

Note: 1) Sales and total assets for the latest fiscal year shall be described.

2) If the project proponent is an existing corporation, the details of the corporation shall be stated.

<Form 7>

History of Investor

Trade Name:

Date	Description

Note: If the project proponent is an existing corporation, the details of the corporation shall be stated.

<Form 9>

Profit and Loss Statement of Investor

@@ Co., Ltd.

Date of Settlement of Accounts:

(Unit: millions of KRW; %)

Title of Account	Year		Year		Year	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Sales						
Cost of sales						
Gross profit on sales						
Sales and administrative expenses						
Operating income						
Non-operating income						
Non-operating expenses						
Income before income taxes						
Income taxes, etc.						
Net income						

Note) 1. The ratio to sales shall be stated in the blank for percentage.

2. If the project proponent is an existing corporation, the statements of the corporation shall be stated.

<Form 10>

Statement of Financial Position of Investor
--

@@ Co., Ltd.

Date of Settlement of Accounts:

(Unit: millions of KRW; %)

Title of Account	Year		Year		Year	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Assets						
I. Current assets						
(1) Quick assets						
(2) Inventory assets						
II. Non-current assets						
(1) Investment assets						
(2) Tangible assets						
(3) Intangible assets						
(4) Other long-term assets						
Total assets						
Liabilities						
I. Current liabilities						
II. Long-term liabilities						
Total liabilities						
Shareholder's equity						
I. Capital						
II. Capital surplus						
III. Capital adjustment						
IV. Other all-inclusive accumulated income (loss)						
V. Retained earnings						
Total shareholders' equity						
Total liabilities and shareholder's equity						

- Note) 1. The percentage is the ratio to total assets.
 2. The net amount shall be stated in the contra account of each account in preparing the above statement.
 3. If the project proponent is an existing corporation, the statements of the corporation shall be described.

<Form II>

Financial Ratios of Investor

@@ Co., Ltd.

Type of Business: @

(Unit: %; Times)

Ratio	Year		Year		Year	
	Company	Same industry	Company	Same industry	Company	Same industry
1. Profitability ratio						
Operating income to stockholder's equity and liabilities						
Net income to stockholders' equity						
Operating income to stockholders' equity						
Net income to net sales						
2. Stability ratio						
Current ratio						
Quick ratio						
Non-current assets to long-term capital ratio						
Debt-equity ratio						
3. Activity ratio						
Stockholders' equity and liabilities turnover ratio						
Non-current assets turnover ratio						
Turnover ratio of accounts receivable from sales						
Inventory assets turnover ratio						
4. Growth ratio						
Increase rate of sales						
Increase rate of total assets						
Increase rate of operating income						
Increase rate of net income						

- Note) 1. The relevant type of business on the standard industrial classification codes shall be described as the company's type of business.
2. If there is no figure available for the same industry as at the date of preparation of this plan, the relevant column shall be left blank.
3. The shareholders' equity, assets, and liabilities applied to the profitability ratio and activity ratio shall be the average figures at the beginning and end of each year, while the shareholders' equity, assets, and liabilities applied to the stability ratio shall be the balances at each year end.

<Form 12>

Track Record of Detail Design Services

Year	Name of Services	Project Overview	Periods of Service	Contract Amount (thousands of KRW)	Project Owner	Remarks
			Describe it up to the date			
Total	Cases					

1. "Detail design services" means detail design services (including a package tender for design and construction) for a road implemented by a project owner with a design speed of not less than 80 km/hr only for the total service period of not less than 150 days.
2. The scope of project owners shall be limited to the Ministry of Land, Transport and Maritime Affairs (excluding National Road Maintenance and Management Offices), Regional Construction and Management Administrations, and four government-funded institution affiliated to the Ministry of Land, Transport and Maritime Affairs, Metropolitan/Provincial Governments, and project companies of a PPP project for an expressway in cases of domestic projects and project owners verified by the International Constructors Association of Korea in cases of overseas projects [consider projects implemented by a local government].
3. Performed services shall be limited to those completed during the latest five years.
4. Services shall be described in the order of the year in which services were provided, based on the date of completion, and documents evidencing track record, such as certificates of track record with the design speed of the project owner clearly stated shall be attached.
5. Only services for a total service period of not less than 150 days shall be described.
6. If a contract has been jointly performed, the total contract amount and the relevant company's share in the contract amount shall be separately stated, and a copy of the joint contract with the project owner shall be attached (if it is possible to verify relevant facts with a certificate of track record, the attachment may be omitted).
7. In cases of a subcontract approved by (or reported to) a project owner, the project owner, the subcontract amount, and details of performance shall be clearly described, and a copy of the letter of approval (or the letter of confirmation) issued by the project owner shall be attached.
8. With regard to the track record of design services through a package tender for design and construction (including an unsuccessful bidder compensated for design), copies of standard consortium agreements and contracts submitted to the project owner with the allocation of works described thereon and objectively evidencing documents issued by the project owner for the confirmation of the amount of performance of services [official letters or letters of confirmation describing the total project cost and construction cost for the relevant area (road, structure, soil, foundation, or tunnel) and design cost].

<Form 12-1>

Certificate of Contract Awarded for Design Services for Detail Design and Construction in Package			
Applicant			
Name of Case	Contract Period	Contractor	Designer
Project Overview	- Design speed: - Construction cost:		
	Work Section	Construction Cost	Design Cost
	1. Civil engineering works		
	2. Architectural works		
	3. Electrical works		
	4. Landscaping works		
	5. Optical communications cable works		
	6. Mechanical works		
	7. Others		
	Total construction cost		
Facts certified by	This is to certify that a contract was awarded as stated above.		
	Name of institution		
	Address		
	Date		
	Verified by		

<Form 13>

**Letter of Undertaking on Participation in Detailed
Design Works**

To: OOO

We, the corporation stated below, hereby undertake to perform as follows as a company participating in detailed design works for the OO Public-Private Partnership Project of the (tentatively) OO Co., Ltd. for the successful completion of the project.

1. We will perform detailed designing works in accordance with the detailed design plan in the project plan and will assume legal, financial and administrative responsibility.
2. We certify that there is no misstatement in the detailed design plan in the project plan and will accept any legal disadvantage or administrative disposition, if any misstatement, whether intentional or negligent, is discovered therefrom in the future.

(Date)

OO Co., Ltd., Participant of detailed design works
Representative Director ○ ○ ○ (seal)

<Form 14>

Current Status of Subsections Divided for Participating Contractors

Name of Contractor	Share of Investment (%)	Share in Construction Works (%)	Estimated Contract Amount (100 millions of KRW)	Project Overview in Relevant Section	Remarks
Total					
				<ul style="list-style-type: none"> o Length and number of lanes o Scale of main structures <ul style="list-style-type: none"> - Structures within the scope of the same construction works in each work section under Table 1 attached hereto. o Interchanges, junctions, etc. 	

<Form 15>

Certificate of Track Record of Construction of Facilities

I. General Information									
1) Name of project						2) Project owner			
1-1) Location of project						2) Project owner			
3) Contractor (Representative)		3-1) Company name		3-2) License No.		3-3) Representative			
		3-4) Place of business				3-5) Tel. No.			
4) Execution of Contract and Completion (describe the entire project if the project is continued for a long period or with continuing expenditure)		4) Based on the entire project				4) Based on construction works per year (as at this year)			
		4-1) Date of contract		4-4) Project amount (completion + government supplies)		4-1) Date of contract		4-4) Project amount (completion + government supplies)	
		4-2) Date of commencement		4-5) Amount completed		4-2) Date of commencement		4-5) Amount completed	
		4-3) Date of completion		4-6) Amount of government supplies		4-3) Date of completion		4-6) Amount of government supplies	
5) Nature of project		New project (<input type="checkbox"/>), Extension project (<input type="checkbox"/>), Repairing project (<input type="checkbox"/>) ※ Mark the applicable description with ○.							
6) Consortium or not		Jointly performed (<input type="checkbox"/>), Separately performed (<input type="checkbox"/>), Solely contracted (<input type="checkbox"/>) ※ Mark the applicable description with ○.							
II. Details of Track Record		* Describe them separately for each participant in the consortium							
Description	Contractor (Representative)	Contractor		Contractor		Contractor			
1) Company Name									
2) Representative	(seal)	(seal)		(seal)		(seal)			
3) Contract amount	Share: %	Share: %		Share: %		Share: %			
3-1) Completed Value									
3-2) Amount of government supplies									
4) Scale of construction of the entire project: Indicate the quantity of construction works in detail.									

5) Scale and method (construction method) of the work section performed by or pre-qualified for each contract			
6) Value of the work section performed by or pre-qualified for each contract			
6-1) Amount of completion of the work section performed by or pre-qualified for each contract			
6-2) Amount of government supplies for the work section performed by or pre-qualified for each contract			
7) Details of subcontracts	* Describe the details separately for each subcontractor (state "nil" if works are subcontracted to a specialized constructor)		
7-1) Subcontractor			
7-2) Date of subcontract			
7-3) Date of completion of subcontracted works			
7-4) Scale and details of subcontracted works			
7-5) Amount of subcontract (Completion + government supplies)			

III. Attachments

1) A copy of each contract and the consortium agreement (limited to cases where works have been performed under a consortium agreement)

We hereby request to certify the track record of the projects (entire projects) as stated above.
(Date)

To: _____

Address:
Company name:
Representative:

We certify as above.

(Name of the issuing institution)

※ Note:

- 1) If there is not enough space for all of the details or there is no column for any matter requested in the tender documentation (notice), it is permitted to describe relevant details in a separate sheet.
- 2) If there is an omission or any vague description regarding any matter necessary for the

examination on the track record of a pertinent project, adequate descriptions about the performance will be recognized to a reasonable extent; while inadequate descriptions will not be recognized (supplementary submission is not permitted).

- 3) Track record shall be examined in accordance with the "Guidelines for the Submission and Examination of Construction Track Record."
- 4) An applicant's failure to submit this certificate of track record as an accompanying document can disadvantage the applicant.
- 5) If there is nothing to describe in this blank, state "nil" therein.
- 6) A joint seal (signature) shall be affixed between the folds of certificate of track record and each attachment thereto.
- 7) If contracts on projects for an identical structure have been awarded and performed annually, the scale and amount of each structure for the identical use shall be described in chronological order from the first project completed during the latest ten years up to the most recent project, and a statement regarding the details of each project (the name, scale, amount, and completion date of each project and other facts necessary for the examination of past performance) and colored drawings (floor plans, vertical and horizontal section plans), but if any content is omitted or any description is vague making it difficult to examine the relevant track record, such track record will not be recognized.
- 8) As regards the performance of a project through a consortium, each copy of the relevant contract and consortium agreement shall be attached hereto.

<Form 16>

Certificate of Track Record (Progress Rate) of Construction of Facilities

I. General Information							
1) Name of project						2) Project owner	
1-1) Location of project							
3) Contractor (Representative)	3-1) Company name				3-2) License No.	3-3) Representative	
	3-4) Place of business						3-5) Tel. No.
4) Execution of Contract and Completion (describe the entire project if the project is continued for a long period or with continuing expenditure)	4) Based on the entire project				4) Based on construction works performed during this year		
	4-1) Date of contract		4-4) Project amount (contract + government supplies)		4-1) Date of contract		4-4) Project amount (completion + government supplies)
	4-2) Date of commencement		4-5) Contract amount		4-2) Date of commencement		4-5) Contract amount
	4-3) Scheduled date of completion		4-6) Amount of government supplies		4-3) Scheduled Date of completion		4-6) Amount of government supplies
5) Nature of project	New project (<input type="checkbox"/>), Extension project (<input type="checkbox"/>)					※ Mark the applicable description with ○.	
6) Consortium or not	Jointly performed (<input type="checkbox"/>), Separately performed (<input type="checkbox"/>), Solely contracted (<input type="checkbox"/>)					※Mark the appropriate description with ○.	
II. Details of Track Record		* Describe them separately for each participant in the consortium					
Description	Contractor (Representative)		Contractor		Contractor		
1) Company Name							
2) Representative	(seal)		(seal)		(seal)		
3) Contract amount	(share: %)		(share: %)		(share: %)		
3-1) Value completed							
3-2) Amount of government supplies	(progress rate: %)		(progress rate: %)		(progress rate: %)		
4) Scale of construction of the entire project: State the quantity of construction works in detail.							

5) Details and construction method of the entire project as of the date of issuance of the certificate of track record * a separate statement can be attached hereto.	Work section	Unit	Quantity of entire project	Quantity completed	Balance	Amount of entire project	Progress payments	Progress rate
	Total							
6) Scale and method (construction method) of the work section performed by or pre-qualified for each contract, as of the date of issuance of the certificate of track record * a separate statement can be attached hereto.	Work section	Unit	Quantity of entire project	Quantity completed	Balance	Amount of entire project	Progress payments received	Progress rate
	Total							
7) Details of subcontracts * Describe each subcontractor separately		※ State "nil" if works are subcontracted to a specialized constructor.						
7-1) Subcontractor								
7-2) Subcontractor's license								
7-3) Scale and details of subcontracted works								
7-4) Details of track record as of the date of issuance of the certificate of track record * a separate statement can be attached hereto.	Work section	Unit	Quantity of entire project	Quantity completed	Balance	Amount of entire project	Progress payments	Progress rate
	Total							
III. Attachments								
1) A copy of each contract and the consortium agreement (limited to cases where works have been performed under a consortium agreement)								
We hereby certify that the scheduled work process and the performed work progress of the entire project relevant to the project subject to prior verification have exceeded 50 percent respectively as at the date of issuance of the certificate of track record and that progress payments have been made as stated above. (Date)								
To:								
Address: Company name: Representative:								
We certify as above.								
(Name of the issuing institution)								

※ Note:

- 1) If there is not enough space for all of the details or there is no column for any matter requested in the tender documentation (notice), it is permitted to describe relevant details in a separate sheet.
- 2) If any content is omitted or any description is vague about any matter necessary for the examination on the track record of a pertinent project, adequate descriptions about the track record will be recognized to a reasonable extent, while inadequate descriptions will not be recognized (supplementary submission is not permitted).
- 3) Construction track record shall be examined in accordance with the "Guidelines for the Submission and Examination of Track Record."
- 4) An applicant's failure to submit this certificate of performance as an accompanying document can disadvantage the applicant.
- 5) If there is nothing to describe in this blank, state "nil" therein.
- 6) A joint seal (signature) shall be affixed between the certificate of track record and attachments thereto.
- 7) If contracts on projects for an identical structure have been awarded and performed annually, the scale and amount of each structure for the identical use shall be described in chronological order from the first project completed during the latest ten years up to the most recent project, and a statement regarding the details of each project (the name, scale, amount, and completion date of each project and other facts necessary for the examination of track record) and colored drawings (floor plans, vertical and horizontal section plans), but if any content is omitted or any description is vague making it difficult to verify the relevant track record, such track record will not be recognized.

(Attachment 1) Re-examination by Scale of Project

Scope of Identical Works in each Work Section

Work section	Class	Track record during the most recent ten years of projects identical in the type with the relevant project
1) Bridges	A. . Suspension bridges, cable-stayed bridges . Bridges with a span of 200 m or longer	o Class A bridges with a length of 200 m or longer (provided, 100 m or longer, in cases of a suspension bridge or a cable-stayed bridge)
	B. . Bridges connecting islands or an island to the main land, offshore bridges, arch bridges, truss bridges . Bridges with a span of not less than 100 m but less than 200 m	o Class A and B bridges with a length of 200 m or longer (provided, 100 m or longer, in cases of a suspension bridge or a cable-stayed bridge)
	C. Bridges with a span length of 50 m or longer Ordinary bridges with a length of 1,000 m or longer (with a span of 10 m or longer)	o Class A, B, and C bridges with a length of 100 m or longer
	D. Ordinary bridges with a length of 500 m or longer (with a span of 10 m or longer)	o Class A, B, C, and D bridges with a length of 100 m or longer
		* Minimum scale: Bridges with a minimum width of 7.2 m or wider are recognized as traffic facilities.
2) Tunnels		o Traffic tunnel projects with a length of 200 m or longer (excluding open-cut tunnels) * Minimum scale: Tunnels of a minimum inner cross-sectional area of 60.2m ² or with two (7.2m wide) or more lanes: <i>Provided</i> , the inner cross-sectional area does not matter in cases of a traffic tunnel of 1 km or longer.

* Note)

- 1) Where two or more types of project (for example, bridge, tunnel) subject to prior examination are combined, the performance of projects of an identical type shall be examined with the performance of each type of project separately.
- 2) "Performance" means a case of performance subject to prior examination in a scale recognizable as an identical project, and if any description is vague or omitted in the details of performance submitted to make it impossible to evaluate it, such performance shall be excluded from evaluation.
- 3) If a two-way bridge or tunnel has lanes separated for each direction, the performance for lanes for each direction are recognized as a separate case of performance: However, if the length of lanes for one direction in a two-way structure differs from the length of lanes for the other direction, the length of such a structure is determined as 1/2 of the sum of the length of two ways, while the length of a two-storied bridge is determined with the length of the upper or lower part of the bridge, whichever is longer.

(Attachment 2)

Guidelines for Submission and Examination of Performance of Projects

1. Method of Certifying Performance of Projects

- (a) A certificate of performance of projects shall be issued by a person who meets the requirements under any provision of Article 22 (2) 1 (a) through (e) of the Enforcement Rule of the Framework Act on the Construction Industry, in Form 1 or 2 attached hereto.
 - (a-1) In cases of a project outside the Republic of Korea, a certificate under the provisions of (a) for a person who holds a license necessary for the project shall be confirmed by the International Constructors Association of Korea established pursuant to Article 23 of the Overseas Construction Promotion Act.
- (b) In cases of a project performed by a foreign constructor in a foreign country, a certificate of performance shall be issued in accordance with Article 22 (2) 1 (f) of the Enforcement Rule of the Framework Act on the Construction Industry, in Form 1 or 2 attached hereto.
- (c) Subcontracted Projects: A certificate shall be issued in accordance with the provisions of (a) or (b) above, but a certificate by the prime contractor shall be added.

2. List of Relevant Documents Necessary for Submitting Track Record of Projects

- (a) If a project owner is a corporation, an individual, or one's own project, documents for authorization or permission, related documents proving the completion of the project, and a certificate of the invoice value for the value-added tax (including a contract) shall be submitted.
- (b) If no project amount (completion and government supplies) is stated in a certificate of track record of a project, the related original documents and copies proving the invested project amount shall be submitted.
- (c) In cases of the track record of a consortium project, the original contract and consortium agreement shall be presented and the copies thereof shall be

submitted.

- (d) In cases of a project outside the Republic of Korea, a certificate of the basic exchange rate as of the date of completion, issued by a foreign exchange bank in the Republic of Korea, shall be submitted.
 - (e) In cases of the track record of a project for an overseas expressway, a PPP expressway, or a motorway, the track record is recognized only for a road with a geometric structure for a design speed of not less than 100 km/hr or a road for a design speed of not less than 80 km/hr, among national expressways defined in "Rule on the Standards for Structure and Facilities of Roads" under Article 37 of the Road Act.
 - (f) If a certificate of performance of a project or a relevant document is in a foreign language other than Korean, a translation and a notarized document shall be submitted.
- ※ The company who submits the certificates of track record is responsible for verifying explanation and confirmation when examining the submitted certificates of track record of project.

3. Guidelines for Examination on Track Record of Projects

(a) Common provisions

- 1) Matters subject to examination: The track record of projects completed (performed) under a contract to perform construction works under one's responsibility shall be subject to examination, but planning, design, project management, quality management, safety control, etc. shall be excluded herefrom.

(b) Scope of performance of projects

- 1) Each case of performance shall be identified and recognized in accordance with the contract for each case, but the ratio of performance to the entire project shall not be recognized as the performance of a project in a project under an agreement on the performance of an entire project, such as a project for a privately invested expressway, while the performance of such a project shall be recognized by converting the performance of construction works by the ratio of performance of each divided subsection.

1-1) Recognition of "amount completed" in past performance: The performance

shall be determined by the amount in which materials supplied (provided) by the government are included, but the performance shall be recognized within the scale of the performance of each case corresponding to the scale of the recognized performance of the relevant works, while such performance shall not be recognized if the description of the amount completed or the amount of government supplies is omitted.

- In cases of a project outside the Republic of Korea, the amount shall be converted by the basic rate (basic exchange rate) under the Foreign Exchange Transactions Act as of the date of completion, but an amount in any currency other than those publicly notified shall be calculated in U.S. dollars.

1-2) Recognition of "scale" of performance: Only the performance of each case of an individual structure for an identical use corresponding to the scale of the recognized performance of relevant works shall be recognized, and in such case, "each case" means each separate structure conforming to these guidelines for examination, among subject matters of each contract.

2) Recognition of performance of consortium contract

- a) In cases of the performance of a project under a consortium contract, the scale and amount of performance shall be recognized by the ratio of performance of the project: However, the part actually performed by a company shall be recognized as the company's performance, but such performance shall be recognized only if the details of performance by each participant in the consortium are described in a certificate of track record with seals of all participants in the consortium affixed thereon and certification by the project owner (Copies of the relevant contract and consortium agreement shall be attached).
- b) In cases of a contract on separate performance, the performance of a project shall be recognized according to the works separately allocated to each contractor.
- c) Where a project performed under a consortium contract or under a subcontract between general constructors is recognized as performance of the project and such contractors or subcontractors jointly make a proposal, the performance of such a project shall be recognized as the performance of one case, and the performance of each contractor or subcontractor shall be recognized only within the scale (amount) of the performance calculated by the ratio of performance of relevant works by the ratio of performance by each contractor or subcontractor.

- 3) Recognition of performance when subcontracting part of project
 - a) Where a general constructor subcontracted part of a project to another general constructor, the performance of the project by the subcontracting prime contractor shall be recognized only with the part not subcontracted, while the performance of the subcontracted general contractor shall be recognized with the part performed by it under the subcontract.
 - b) Where a general constructor subcontracted a project to a specialized constructor, the performance of the project shall be recognized as the performance of the prime contractor and the subcontractor (specialized constructor) respectively.
- 4) Recognition of performance of project awarded and completed on yearly basis
 - o Where a contractor has completed projects for identical structures under contracts awarded on a yearly basis, the performance of the project for each separate structure completed during the last ten years for a use identical with the project at issue shall be recognized as the performance of one case, the scale of each project and the amount completed shall be clearly stated for each separate structure, and the documents under the "note 7" for a certificate of performance of projects shall be attached.
- 5) In principle, performance of a long-term continuing project (project implemented with continuous expenditure) under construction shall be recognized only when the entire project (all construction works) are completed, but with regard to a facility already transferred to and used and managed by the project owner, the performance of the project for such a facility shall be recognized (However, if a facility can be separated from remaining ancillary works not performed yet, although the facility has not been transferred to the project owner, but if the facility is permanently used by the project owner in fact, the performance of the project for such a project shall be recognized].
- 6) With respect to a project performed under a consortium contact or a sole contract, the performance of the project without any license necessary for performing the project under relevant Acts, such as the Framework Act on the Construction Industry (formerly, the Construction Business Act), and subordinate statutes shall not be recognized, irrespective of the name of the contract.

7) If the classification of license (registration) has been changed due to the enactment or an amendment of a relevant Act or subordinate statute, the performance of a project shall be recognized only when the requirements for the license (registration) were met at the time the project was performed.

8) Recognition of performance in cases of merger, etc.

a) The performance of a company merged pursuant to the Framework Act on the Construction Industry shall be evaluated as follows, if documents evidencing that it has succeeded to all rights and obligations as a consequence of the merger are submitted.

(1) The performance of the disappearing entity shall be added to the performance of the entity that survives or is newly established as a consequence of the merger and succeeds to the performance of the disappearing entity.

(2) In cases of a division, the performance of a project shall be deemed the performance of the entity that succeeds to rights and obligations.

(3) In cases of business transfer, the performance of a project shall be evaluated as the performance of the transferee of the relevant type of business.

b) If a specific method of recognizing the performance of projects in cases of a merger, etc. is provided for in the provisions of an Act or subordinate statute, the performance of such projects shall be determined in accordance with the relevant Act or subordinate statute regarding the relevant type of business.

9) Recognition of performance of projects in cases of default in payment by participant in consortium

If there is a change in share in a consortium due to default in payment by a participant in the consortium during construction or any other cause, the performance of projects shall be evaluated by applying the changed shares in the consortium, and the evaluation shall be made as follows if some participants in a consortium have performed the remaining construction works due to default in payment by a participant during construction or any other cause:

a) The entity that abandons the relevant contract due to default in payment or any other cause (including cases where an entity no longer performs

construction works as a consequence of withdrawal for the consortium or a change in shares during construction) shall have only the performance made until the abandonment recognized as its performance.

- b) In cases under a) above, an entity that succeeds to and performs the remaining construction works shall have the performance (excluding the part performed by the participant that abandons the relevant contract) as its performance according to the changed ratio of performance and the details of actual performance.

<Form 17>

Financial Capability Evaluation Sheet
--

Name of investor: @ Co., Ltd.

(1) Credit Rating

Description	Corporate bond	Commercial paper
Rating		
Credit rating agency		

(2) Cash flow from operating activities

(Unit: millions of KRW)

Description	Average per year (A)	Total for five years	Year	Year	Year	Year	Year
Cash flow from operating activities							
(A) X 5							

(3) Investor's investment capability and amount planned to invest

(Unit: millions of KRW)

Description	Credit rating		Cash flow from operating activities
	Corporate bond	Commercial paper	
Recognized amount for investment capability			
Amount planned to invest			

- Note) 1. This form shall be prepared separately for each investor.
2. If the capacity for raising equity capital is evaluated with credit ratings, documents evidencing the credit rating graded for corporate bonds or commercial paper by a rating agency designated pursuant to Article 4 of the Use and Protection of Credit Information Act shall be submitted.
3. The "cash flow from operating activities" means the amounts on a cash flow statement prepared in accordance with the Corporate Accounting Standards.
4. The amount of investment that each investor plans to make shall be determined by reflecting the share of investment proposed in Form 5, based on the private investment cost proposed by the project proponent, and the scale of initial share in equity shall be maintained at the time documents for stage 2 are submitted, while the shares may be changed within the extent not exceeding the amount planned to invest, as proposed in stage 1.

<Form 18>

Current Status of Agreement with Local Governments, etc.

Description	Issues consulted on	Measures to be taken	Remarks

<Form 19>

Organizational Chart

1. Organization during construction period
2. Organization after completion of facilities

<Form 20>

Criteria for Appointment of Senior Management

Position and Works Assigned	Educational background and career	Remarks

- Note) 1. Educational background shall be focused on the final educational background, and if a person is a graduate from a college or higher-level institution, the statement of the educational background shall begin with the college or higher-level institution.
2. With regard to career, please state the main career in the relevant type of business and the number of years of continuous service in a company.

<Form 21>

Determination of Traffic Volume

(Unit: Units/year, in both directions)

Description	Class 1	Class 2		Class 3		Class 4		Class 5		Total
	Class 1 (A)	Class 2 (B)	(B×1.02)	Class 3 (C)	(C×1.06)	Class 4 (D)	(D×1.42)	Class 5 (E)	(E×1.68)	
Year										

<Form 22>

Determination of Total Project Cost

(Unit: 100 millions KRW)

Description	Total project cost	Year	Year	Year	Year	Year
① Survey cost						
② Design cost						
③ Construction cost						
④ Compensation cost						
⑤ Incidental cost						
⑥ Operation equipment cost						
⑦ Taxes and public charges						
⑧ Operating reserve						
Total amount Σ(① ~ ⑧)						

Note) 1. Refer to Article 22 of the Enforcement Decree of the Act on Public-Private Partnerships in Infrastructure.

2. Based the amounts on constant prices as of (date).

<Form 24>

Determination of Total Investment Cost and Total Private Investment Cost

(Unit: KRW in 100 millions)

Description	Total	Year	Year	Year	Year	Year
Survey cost						
Design cost						
Construction cost						
Compensation cost						
Incidental cost						
Operation equipment cost						
Taxes and public charges						
Operating reserve						
Price fluctuation cost						
Interest during construction						
Total investment cost						
Demands for government support						
- Construction subsidies						
- Subsidization of compensation cost						
- Other support						
Total private investment cost						

Note) Base the amounts on normal prices, applying the inflation rate of ()%.

<Form 24>

Plan for Investment of Equity Capital by Investors

Trade Name:

Representative:

(Unit: 100 millions of KRW)

Description	Amount	Year	Year	Year	Year	Year
Equity capital						
Issuance of corporate bonds						
Loans from financial institutions						
Others						
Total amount						

<Form 25>

Annual Plan for Borrowing Funds

(Unit: 100 millions of KRW)

Description	Total amount	Year	Year	Year	Year	Year
Equity (A)						
Debt (B) . Issuance of corporate bonds . Loans from financial institutions . Others						
Equity ratio [A/(A+B)]						

<Form 26>

Cash Flow Analysis

(Unit: 100 millions of KRW)

Description	Amount	Year	Year	Year	Year	Year	Year
① Total private project cost							
② Operating costs							
Total cash outflow ①+②							
Present value of cash outflow							
③ Revenue of tolls							
④ Other net profits							
Total cash inflow ③ +④							
Present value of cash inflow							
<p>Net present value:</p> <p>Actual rate of return (before/after taxes):</p> <p>Determined tolls:</p>							

- Note) 1. The applicable real rate of return is the company's actual internal rate of return.
 2. Prepare the form up to the end of the free use period.
 3. Base the amounts on constant prices as of (date).

<Form 27>

Estimated Profit and Loss Statement

(Unit: 100 millions of KRW)

Title of account	Year	Year	Year	Year	Year	Year	Year	Year	Year
Sales									
Cost of sales									
Gross profit on sales									
Selling, general and administrative expenses									
Operating income									
Non-operating income									
Non-operating expenses									
Ordinary income									
Extraordinary income									
Extraordinary loss									
Income before income taxes									
Income tax expense									
Net income									

<Form 28>

Estimated Balance Sheet

(Unit: 100 millions of KRW)

Title of Account	Year	Year	Year	Year	Year	Year	Year	Year	Year
Current assets Quick assets (Trade receivable) Inventory assets Other current assets									
Fixed assets Investment assets Tangible assets (Assets under construction) Intangible assets									
Total assets									
Current liabilities Trade payable Short-term loans Other current liabilities									
Fixed liabilities Long-term loans Corporate bonds Retirement allowance Other fixed liabilities									
(Total liabilities)									
Capital Capital surplus Retained earnings (Current term net income) Capital adjustment									
(Total shareholders' equity)									
Total liabilities and shareholders' equity									

<Form 29>

Estimated Cash Flow Statement

(Unit: 100 millions of KRW)

Item	Year	Year	Year	Year	Year	Year	Year	Year	Year
Cash flow from operating activities (A)									
-									
-									
Cash flow from investment activities (B)									
-									
-									
Cash flow from financial activities (C)									
-									
-									
Increase or decrease in cash									
Cash balance at the beginning of year (D)									
Cash balance at year-end									
Ratio of repaid debts (%)									

Note) 1. Each sub-item shall be described separately.

$$2. \text{ Ratio of repaid debts} = \frac{A+B+D+\text{Interest paid}}{\text{Repaid principal and interest of loans}} \times 100$$

<Form 30>

**Requested Amount of Governmental Financial Support
and Determination of Timing**

(Unit: 00 millions of KRW)

Requested amount Timing of request		Constant price	Normal price	Present value
Year	1st quarter			
	2nd quarter			
	3rd quarter			
	4th quarter			
Year				
Year				
Year				

Note 1. Calculate current amounts by applying the inflation rate of ()% per annum as of (date).

<Form 31>

Inquiry about Request for Alternate Proposals

To: The competent authority

Applicant

Company Name:

Location:

Person in charge

Name:

Department:

Contact information:

Tel (Cellular Phone) No.:

We, the applicant, hereby submit an inquiry about the following questions regarding the request for proposals for the ○○○○ PPP project.

Title of data		Page		Item	
Questions					

Name of representative (Date)
(seal)

<Form 32>

Statement of Composition of Enterprise Group

Name of enterprise group:

Company name	Representative	Corporate registration No.	Address

Note) If the applicant is an existing corporation, describe the details of the companies affiliated to the enterprise group to which the corporation belongs (including the corporation). If the applicant is a corporation that intends to be incorporated, describe the details of companies affiliated to the enterprise group to which each investor belongs (including the corporation).

<Form 33>

List of Specially Related Persons

Company name	Category	Name/Trade name	Resident registration No./Corporate registration No.	Address	Share of investment	Relationship with controlling shareholder
	Controlling shareholder					
	Specially related person					

Note) 1. Describe the details of each company on the statement of composition of business group separately.

2. "Controlling shareholder" means the individual or company who has *de facto* control over business, as defined in Article 3 of the Enforcement Decree of the Monopoly Regulation and Fair Trade Act.

3. "Specially related person" means a person who has the relationship under any subparagraph of Article 3 of said Decree with the controlling shareholder of a company, among investors in the company, and the relevant fact shall be stated in the blank for relationship as follows:

The spouse, a blood-relative in the 8th degree or closer, or a relative by marriage in the fourth degree or closer:

- Indicate the spouse as "spouse," a blood-relative in the 8th degree or closer as "blood-relative" and a relative by marriage in the fourth degree or closer as "relative by marriage."

Indicate a nonprofit legal entity, association, or organization under subparagraph 2 of Article 2 of said Decree with "subparagraph 2."

Indicate a company under subparagraph 3 of Article 3 of said Decree with "subparagraph 3."

Indicate a company under subparagraph 4 of Article 3 of said Decree with "subparagraph 4."

Indicate an employee under subparagraph 5 of Article 3 of said Decree as "employee."

<Form 34>

Insurance Plan

(Unit: 100 millions of KRW)

Subject matter insurable	Estimated value	Estimated coverage	Insurance period	Proposed insurance company	Remarks

Note) 1. Indicate the ratio of the insurable project cost to the entire project cost, in the remarks column.

2. If subject matter insurable is combined work sections, describe details thereof.

3. The form shall be verified by the proposed insurance company.

<Form 35>

Total Private Project Cost for Determination of Toll Rates

(Unit: KRW in 100 millions)

Description	Amount	Year	Year	Year	Year	Year
① Survey cost						
② Design cost						
③ Construction cost						
④ Compensation cost						
⑤ Incidental cost						
⑥ Operation equipment cost						
⑦ Taxes and public charges						
⑧ Operating reserve						
Total project cost (A)						
Requests for government support (B) - Construction subsidies - Subsidization of compensation cost						
Total private project cost (A-B)						

Note) 1. Refer to Article 22 of the Enforcement Decree of the PPP Act.
2. Based the amounts on constant prices as of (date).

<Form 36> Summary of Essential Financial Factors

[1] Project Overview

Description		Constant	Current
Currency unit			
Total project cost			
Survey cost			
Design cost			
Construction cost			
Compensation cost			
Incidental cost			
Supervision cost			
Contractor's insurance premium			
Performance bond insurance premium			
Incidental financing cost			
Other costs			
...			
Operation equipment cost			
Taxes and public charges			
Operating reserve			
Construction subsidies			
Total private project cost			
Total private investment cost			
Operating costs (exclusive of VAT)	Total amount during operation period		
	Average amount per year		
Net income from ancillary facilities	Total amount during operation period		
	Average amount per year		
Rate of return	Before taxes		
	After taxes		
Price fluctuation rate			

[2] Milestones

Price fluctuation rate	
Base time for determining constant prices	
Time business	
Timing of commencing construction works	
Timing of completing construction works	
Construction work period	
Timing of commencing operation	
Timing of completing operation	
Operation period (free use period)	

[3] Financing structure

Description	Amount	Ratio
Total amount of financing		
Private funds		
Central government subsidies		
Composition of private funds		
Equity capital		
Borrowed capital		
Total amount		

[4] Determination of construction subsidies

Description	Total	20XX				20XX			
		1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter	4th quarter
Construction subsidies (constant)									
Construction subsidies (current)									

[5] Details of borrowed capital

Description	Amount	Grace period	Repayment term	Interest rate

[6] Corporate tax rates

Description	Tax rate
If the tax base exceeds KRW 100 million	%
If the tax base is not more than KRW 100 million	%

[7] Whether a minimum revenue guarantee (MRG) is requested.

- Note 1) The consumer price index publicly notified through the RFP for converting constant prices, determined as of the base time for prices, into normal prices.
- 2) The scheduled date of incorporation of the corporation implementing the project.
- 3) The base date presented for prices in the RFP.
- 4) Means the paid-in capital.
- 5) The total amount of the funds raised excluding the paid-in capital and central government subsidies.
- 6) The corporate tax rate and the resident tax rate as of the date of public notice of the PFP shall apply.
- 7) Whether there is a minimum revenue guarantee (MRG) that may be requested to the competent authority pursuant to "Basic Plan for PPP Projects for 2006."

<Form 37> Sensitivity of Essential Factors

[1] Sensitivity of construction cost (compared to the proposal)

Percentage		Proposal (100%)	95%	90%	80%	70%
Amount						
Result of sensitivity¹⁾						
Const ant rate of return	Before taxes					
	After taxes					
User fees						
Construction subsidies						
Total project cost						

[2] Sensitivity of traffic volume⁴⁾

Percentage		130%	120%	110%	Proposal (100%)	90%	80%	70%
Daily average traffic volume								
Result of Sensitivity								
Const ant rate of return	Before taxes							
	After taxes							
User fees								
Construction subsidies								
Minimum revenue guarantee ²⁾								

[3] Sensitivity of operating costs⁴⁾

Percentage		120%	110%	Proposal (100%)	90%	80%
Operating costs per year (constant)						
Result of sensitivity						
Const ant rate of return	Before taxes					
	After taxes					
User fees						
Construction subsidies						

[4] Sensitivity of construction subsidies⁵⁾ (100 millions of KRW; compared with construction project cost)

Percentage		Proposal	10%	20%	30%	40%
Construction subsidies (constant)						
Result of sensitivity						
Const ant rate of return	Before taxes					
	After taxes					
User fees						

Note:

1. The result of sensitivity shall be described for each item independently. In other words, the results of simulating the impact of changes of construction cost on each subordinate variable of the rate of return on the project, user fees, and construction subsidies.
2. If there is a request for a minimum revenue guarantee (MRG), the total fixed amount of the request minimum revenue guarantee that may be arise during the operation period if traffic volume decreases.
3. Construction cost, operating costs, user fees, and construction subsidies shall be based on fixed amounts.
4. Equal sensitivities of operating costs and traffic volume shall be applied to the entire operation period.
5. Construction subsidies mean the amount of central government subsidies the project applicant requests the government and the competent authority to pay in order to reduce the burden of total project cost.

[Appendix 2]

Plan for Evaluation of Project Proposals

(Contents)

- I . Overview of Evaluation of Project Proposals
- II . Criteria for Evaluation Stage 1
- III . Criteria for Evaluation Stage 2

I. Overview of Evaluation of Project Proposals

1. Preconditions for Evaluation

- (1) If the competent authority considers it necessary, it may gather opinions from related agencies on the proposed route and the structure plan before evaluating a project proposal and reflect the results therefrom in the evaluation.
- (2) It shall be deemed that costs to be incurred are borne by the project proponent, if the project proponent has not requested the competent authority to provide support therefor in the project proposal.
- (3) With regard to a specific subject matter of evaluation (referring to a subject matter of evaluation marked "." in the column of subject matters of evaluation in the table; the same shall apply hereinafter), if a project proponent fails to submit data necessary for evaluation or if a project proponent has submitted data but it is impossible to grade any point, such the point for a subject matter of evaluation shall be graded as "0."

If a project proponent considered it unnecessary to construct a bridge or tunnel or an ancillary facility, such a resting area, considering conditions of the site, and has not prepared a relevant plan, it shall state "nil" on the relevant subject matter of evaluation or sub-item and shall describe the reasons therefor in order to avoid unfavorable treatment in evaluation.

- (4) If there is no base date expressly specified in this public notice, the date of this public notice shall be the base date.
- (5) The competent authority shall organize and operate a project-proposal evaluation team (hereinafter referred to as "project-proposal evaluation team") pursuant to Article 13 (3) of the Enforcement Decree of the PPP Act to evaluate project proposals submitted and shall notify persons who submitted the project proposals of the results of the review and evaluation by the project-proposal evaluation team on the project plans pursuant to the Official Information Disclosure Act.

(6) Where a project is implemented as an unsolicited project, the competent authority shall designate the initial proponent as the potential project company without evaluating the project proposal submitted by the initial proponent, if no project proponent, except the initial proponent, has submitted a project proposal by the deadline specified in this public notice:²⁵⁾ However, if the initial proponent submits a modified proposal and the competent authority considers it necessary to evaluate the modified proposal, the competent authority may first evaluate the modified proposal and designate the initial proponent as the potential project company according to the results of the evaluation.

2. Evaluation Method

- (1) Evaluation shall be conducted in two stages: The "prequalification examination" in stage 1 and the evaluation on "technical factors" and "demand and price factors" in stage 2, and only a project proponent who successfully passes the evaluation stage 1 is qualified for the evaluation stage 2.
- (2) Main issues and method of evaluation stage 1
 - (i) Documents submitted, the qualification for investors, the qualification of the constructor shall be evaluated in the evaluation stage 1, and the result of the evaluation shall be determined as "pass" or "fail."
 - (ii) Only a person who successfully "passes" the evaluation stage 1 is qualified for the evaluation stage 2.
- (3) Main issues and method of evaluation stage 2
 - (i) In the evaluation stage 2, the "technical factors and demand and price factors" of the project proposals who successfully passed the evaluation stage 1 shall be evaluated.

25) However, if the competent authority includes terms and conditions different from those of the initial proposal regarding the implementation of the project in the public notice pursuant to the latter part of Article 7 (8) of the Enforcement Decree of the PPP Act, but no proposal is filed by the deadline specified in the public notice, it is difficult to interpret that the provisions require to designate the initial proponent automatically as the potential project company. Therefore, the relevant provisions are applicable where the competent authority gives public notice without including any term or condition different from those proposed in the initial proposal.

- (ii) Each evaluator of the project-proposal evaluation team shall evaluate relevant subject matters of evaluation, and the final points for each subject matter of evaluation shall be calculated by aggregating and averaging the points evaluated by each evaluator.
- (iii) If the results of the evaluation stage 2 on a project proposal fall under any of the following categories, the person who submitted the relevant project proposal shall be excluded among potential project companies :
 - (a) If the points awarded as a result of evaluation stage 2 are less than 50% of full points;
 - (b) If the subject matter of evaluation of either "toll rates" or the "ratio of governmental financial support," among demand and price factors in the evaluation stage 2, is graded to "0" point.
- (4) If the project-proposal evaluation team considers it necessary to have discussions for fair evaluation in the course of the evaluation stage 1 or 2, it may have discussions about relevant issues to make a decision on the evaluation.
- (5) If the project-proposal evaluation team considers it necessary, it may request a project proponent to submit additional data and may evaluate relevant subject matters of evaluation with the data so submitted. If a project proponent fails to comply with the project-proposal evaluation team's request to submit additional data without any exceptional circumstance if the project-proposal evaluation team finds it impossible to continue the evaluation with the data submitted, it may have discussions to continue the evaluation at its discretion, and the disadvantage caused by such cause in evaluation shall be deemed caused by the project proponent's fault.

II. Criteria for Evaluation Stage 1

1. General Criteria

- (1) The evaluation stage 1 shall be conducted on design (D), construction (B), and financial capacity (F) in accordance with the subject matters

of evaluation and criteria for the evaluation stage 1 in the provisions of 1.2, and only a person who satisfies all requirements for the evaluation stage 1 shall be qualified for the evaluation stage 2.

(2) The result of the evaluation stage 1 shall be determined only as "pass" or "fail" and shall not be linked to the points of the evaluation stage 2.

(i) If points for all subject matters of evaluation for the evaluation stage 1 are not lower than the criteria, the result shall be "pass," while if points for any of the subject matters of evaluation are lower than the criteria, the result shall be "fail."

(ii) Only a project proponent who is individually notified that it has successfully passed the evaluation stage 1 and thus qualified, may submit documents about the project proposal for the evaluation stage 2.

(3) (If the main project is an unsolicited project), the initial proponent shall be deemed to have passed the evaluation stage 1 without undergoing the evaluation stage 1:²⁶⁾ However, the evaluation stage 1 shall be conducted, if the initial proponent submits a modified project proposal.

2. Subject Matters and Detailed Criteria for Evaluation Stage 1

2.1. Examination of Submitted Documents

(1) If there is an omission or inadequate description about an important issue in documents for a project proposal, proving the capability to perform the project as presented in this public notice, the project proponent may be determined as disqualified.

(2) Application for designation of project applicant, etc.

A project proponent shall submit the following documents. In particular,

26) It shall be interpreted as applicable where the competent authority confirms through its preliminary review that the initial proponent's proposal has already satisfied the criteria for the evaluation stage 1.

the written oath specified in (iii) below shall have the names of all investors printed and their seals (signatures, if they are foreigners) affixed thereto:

- (i) Application for designation of project applicant (Form 1 in Appendix 1);
- (ii) Incorporation plan (Form 2, Appendix 1);
- (iii) Written oath (Form 3, Appendix 1).

(3) Registration of seal (Form 4, Appendix 1)

In the event of a foreigner, the Directory Authorized Signature shall be submitted.

(4) Composition of investors (Form 5, Appendix 1)

- (i) A project proponent shall invest 20% or more of the total private investment cost as equity capital and shall invest equity capital at each stage of the project or on a yearly basis, as planned in the project proposal.
- (ii) If the sum of financial investors' share of investment is not less than 50 percent, the ratio of minimum equity capital may be lowered to 15%.
- (iii) A project proponent shall submit each investor's (including prospective investors; the same shall apply hereinafter) letter of commitment of investment with regard to equity capital, a financial institution's letter of intent on loans or guarantee, letter of conditional confirmation, or letter of commitment for planned loans, and a financing plan for the remaining part of borrowed capital, except the planned loans, along with the project proposal (documents for prequalification). In such cases, a letter of intent or confirmation included in or attached to the project proposal shall be submitted to the competent authority.
- (iv) With regard to the letter of intent or conditional confirmation submitted in accordance with the provisions of (iii) above, regarding the planned loans, the project proposal shall submit a copy of a loan agreement on or before the date on which an application for approval for the implementation plan is filed.
- (v) Special terms and conditions, such as investors' delegation of voting

rights and waiver of right to dividends, shall be included in documents for evaluation stage 1 without exception.

(vi) If a project proponent is comprised of five or more investors, the sum of top three investors' share shall not be less than 50 percent, and the largest investor's share shall not be less than 25 percent.

(vii) A corporation intends to be incorporated, designated as the project company shall incorporate the corporation in accordance with the incorporation plan in the project proposal on or before the date on which an application for approval for the implementation plan is filed, without a change in the investors or share of investment at the time the project proposal was submitted, to succeed to the status of the project company.

(viii) No project proponent or investor who submitted a letter of commitment on investment in the main project shall not invest concurrently in another consortium or corporation applying for the main project.

(5) Current status of investors (Form 6, Appendix 1)

A statement of sales and total assets of each investor shall be submitted in accordance with financial statements for the latest fiscal year, and if a project proponent is an existing corporation, it shall prepare and submit a statement of sales and total assets for the latest fiscal year.

(6) History of investor (Form 7, Appendix 1)

(7) Current status of shareholders of investor (Form 8, Appendix 1)

(8) Profit and loss statement of investor (Form 9, Appendix 1)

(9) Balance sheet of investor (Form 10, Appendix 1)

(10) Financial Ratios of Investor (Form 11, Appendix 1)

(11) Documents evidencing track record of detail designs (Form 12, 12-1, Appendix 1) or a letter of undertaking on participating in detail design works (Form 13, Appendix 1)

- (12) Documents evidencing track record of construction of facilities (Form 14, 15, and 16, Appendix 1) or a plan for awarding contracts for a project
- (13) Financial capability evaluation sheet (Form 17 in Appendix 1)
- (14) A financial institution's letter of (conditional) commitment or intent on loans for procuring borrowed capital.

2.2. Evaluation of Project Performance Capability

2.2.1 Design capability (D)

- (1) A project proponent shall be evaluated as capable of performing design works in any of the following cases:
 - (i) Where a project proponent or an investor of the project proponent (including prospective investors; the same shall apply hereinafter) has a record of performing detail design services for an expressway, a national road, or other road for a design speed equivalent to or higher than the speed presented in this public notice during the latest five years;
 - (ii) Where a design company that has a record of performing detail design services for an expressway, a national road, or other road for a design speed equivalent to or higher than the speed presented in this public notice during the latest five years submits a letter of confirmation that it will participate in design works for the main project (Form 13, Appendix 1)
- (2) The track record of performing detail design services under the provisions of (i) and (ii) shall be determined as follows:
 - (i) Where design services for one project have been performed partially in several times, such services shall be recognized as performance only when the final design services are completed. (Form 12, Appendix 1);
 - (ii) Cases where a person has participated in design services through a package tender for design and construction shall be included in detail design services. (Form 12-1, Appendix 1);

- (iii) Where a design company has performed design services in the form of a consortium, only at least 20 percent of design services in which the design company has participated shall be recognized as the company's performance, but the sum of the ratios by which the design company has participated in the form of a consortium shall not be less than 100 percent.
- (3) If two or more design companies participate in the main project, one or more design companies shall have a record of performing detail design services for an expressway, a national road, or other road for a design speed equivalent to or higher than the speed presented in this public notice during the latest five years. If a project proponent or the project company intends to change a designing company, it shall obtain approval thereon from the competent authority.

2.2.2 Construction capability (B)

- (1) In cases under (i) or (ii) below, the contractor is deemed as having construction capability.
- (i) Where a project proponent or an investor of the project proponent intends to participate in construction and the evaluated capability to perform civil engineering works, specified by the Construction Association of Korea, is one time or more of the amount of the contract that the project proponent or the investor is expected to be awarded in the main project (Form 14 in Appendix 1);
 - (ii) Where a plan for awarding contracts has been submitted to make it clear that contractors whose evaluated capability to perform civil engineering works, specified by the Construction Association of Korea, is one time or more of the amount of the contract to be awarded in the main project at the time contracts for construction works in the main project are awarded.
- (2) A bridge or tunnel is included in the work sections of the main project, the tunnel or bridge shall be constructed by a person who has a record of performing projects specified in "scope of identical construction works in each work section" in Table 1 in Appendix 1 (Form 15, Appendix 1, Table 1)

- (3) Where a plan for awarding contracts under the provisions of (1) (ii) above, the project company shall select contractors in accordance with the plan for awarding contracts before commencing construction works and shall obtain approval thereon from the competent authority.

2.2.3 Investor's financial capability (F)

- (1) In cases under (i) or (ii) below, a person is deemed as having financial capability:
 - (i) Where the latest credit rating graded by a rating agency designated pursuant to Article 4 of the Use and Protection of Credit Information Act, for an investor's corporate bonds or commercial paper before the base date of public notice falls under any of the following provisions:
 - (a) If an investor who intends to invest KRW 30 billion or more has its corporate bonds graded to BBB- or higher rating and its commercial paper to A3- or higher rating;
 - (b) If an investor who intends to invest less than KRW 30 billion has its corporate bonds graded to BB- or higher rating and its commercial paper to B0 or higher rating;
 - (c) The results of the evaluation by a rating agency on such corporate bonds and commercial paper shall be still effective.
 - (ii) Where an amount equivalent to 500 percent of "net cash flow from operating activities" calculated by averaging "net cash flows from operating activities (based on the corporate accounting standards)" of each investor during the past five years is not less than the amount that each investor plans to invest in the capital (Form 17, Appendix 1).
- (2) If there is no record of "net cash flows from operating activities" during the past five years in cases under (1) (ii) above, the evaluation shall be based on the average annual "net cash flow from operating activities" during the period for which a record is available: However, an individual, a company that is not obligated to receive external accounting audit, or an investor who fails to satisfy the conditions prescribed above shall submit a letter of guarantee issued by a third party (another investor, etc.) for investment or a letter of

commitment issued by a financial institution for an amount equivalent to or more than the amount that the investor plans to invest in the capital. Such third party shall also satisfy the conditions presented above, and if the third party participates in the main project as an investor its capacity shall be evaluated based on the remaining net cash flow after satisfying the criteria for investors.

(i) "Financial institution" in this public notice means an institution defined in any item of subparagraph 16 of Article 2 of the PPP Act, a fund established by an Act enabling the establishment of the fund, as specified in Table 2 attached to the National Finance Act, the Military Personnel Mutual Aid Association under the Military Personnel Mutual Aid Association Act, the Korean Teachers' Credit Union under the Korean Teachers' Credit Union Act, or any similar pension fund or public fund, and if a financial institution is involved in the project as an investor, the VFM testing for the financial institution's financial capability can be omitted.

(ii) Where it is intended to establish a publicly offered infrastructure fund in cases under (2) (i) above, a letter of commitment by a securities company for full underwriting can be submitted as a substitute, and a letter of commitment issued by a financial institution for loans equivalent to or more than an amount that an investor intends to invest can be also submitted (including the infrastructure fund established).

(3) A project proponent shall submit a letter of (conditional) commitment or intent issued by a financial institution for loans to prove its adequate capacity for procuring borrowed capital.

III.Guidelines for Evaluation Stage 2

1. General Criteria

(1) The evaluation stage 2 shall be conducted only for project proponents who have successfully passed the evaluation stage 1, and technical factors (the construction plan and the project management and

operation plan) and demand and price factors (the appropriateness of estimated demand, the amount of requested governmental financial support, the level of the requested minimum revenue guarantee, and the level of toll rates) shall be separately evaluated (two parts in total), while full points shall be 1,000 points in total.

- (2) Subject matters in evaluation stage 2 and the points allocated to each subject matter of evaluation shall be governed by 2. Guidelines for Subject Matters of Evaluation and Allocation of Points in "Detailed Terms and Conditions for Project Proposal and Implementation."
- (3) If there are two or more project proponents whose evaluation points are same as the result of evaluation stage 2 (the initial proponent's preference points shall be included in the determination if the project is an unsolicited project), the priority order of potential project companies shall be determined by the order of points awarded for the demand and price factors and the technical factors.
- (4) All evaluation points shall be calculated by rounding off numbers below three decimal places to two decimal places.
- (5) In principle, qualitative evaluation (non-quantifiable subject matters of evaluation of technical factors and demand factors) shall be conducted as absolute evaluation into ten grades: (A0, A-), (B0, B-), (C0, C-), (D0, D-), and (E0, E-), and the general evaluation criteria for each grade are as set out in the following "evaluation criteria for qualitative subject matters of evaluation):

<Evaluation Criteria for Qualitative Subject Matters of Evaluation>

Classes	Evaluation criteria	Sub-grade and points
A	- Where a project proposal fully satisfies required evaluation indices with excellent creativity and is able to maximize its efficiency in implementing the project.	A0 100%
	- Where a project proposal fully satisfies requirements in the request for alternate proposals or the request for proposals, and the implementation plan is specific and practical, and thus it seems obvious that the competent authority can secure the quality it desires, if the plan is implemented without additional negotiation with the project proponent.	A- 93.75%
B	- Where a project proposal substantially satisfies required matters in the evaluation indices.	B0 87.5%
	- Where a project proposal includes all matters required in the request for alternate proposals or the request for proposals and the competent authority can secure the quality it desires through negotiation with the competent authority or by presenting an additional plan partially.	B- 81.25%
C	- Where a project proposal barely satisfies matters required in the evaluation indices.	C0 75%
	- Where a project proposal barely satisfies matters required in the request for alternate proposals or the request for proposals or it is necessary to make a plan more concrete through an additional plan or negotiation because the plan is somewhat inadequate.	C- 68.75%
D	- Where it is necessary to supplement some part in order to satisfy requirements in the evaluation indices.	D0 62.5%
	- Where a project proposal omits some matters specified in the request for alternate proposals or the request for proposals or it is anticipated that it will take a considerable time to make a plan more concrete through an additional plan or negotiation because the plan is somewhat inadequate.	D- 56.25%
E	- Matters required in the evaluation indices are considerably lacking or deficient.	E0 50%
	- Where a project proposal considerably omits some matters specified in the request for alternate proposals or the request for proposals and it is anticipated that a considerable time and additional expenses will be required for negotiation.	E- 43.75%

(i) General criteria for evaluation shall be evaluated by awarding a grade appropriate for the proposal submitted by each project proponent.

- (ii) In principle, simple allocation of points shall apply to the evaluation without applying any interpolation formula.
- (iii) With regard to a construction plan or similar plan that a project proponent determined it unnecessary to reflect in subject matters of evaluation or sub-items, if the project-proposal evaluation team finds it relevant, it may award the evaluation grade (C-) for the relevant subject matter of evaluation or sub-item (therefore, if a project proponent determines that some facilities, such as structures and tunnels, and ancillary facilities, such as resting areas, are not necessary in view of conditions of the site and it does not prepare relevant plans, it shall state "nil" in the relevant subject matter of evaluation or sub-item to avoid any disadvantage in the evaluation).
- (iv) Except as provided for in (iii) above, if a project proponent fails to submit any material necessary for evaluation or submitted such a material but it is give any point for such a material, "0" point shall be given.
- (v) In principle, points for each subject matter of evaluation shall be evaluated by applying a bias removal method, and more specific details shall be decided by the project-proposal evaluation team. For example, if evaluated points for a subject matter of evaluation differ from average evaluated points for each subject matter of evaluation by more than 15 percent, such points shall be deemed biased to be excluded and then evaluated points for each item shall be calculated by averaging points arithmetically as follows:
 - (a) If points evaluated with bias are awarded by not more than two persons, points awarded by the rest of evaluators shall be aggregated to calculate average points.
 - (b) If points evaluated with bias are awarded by not less than three persons, points awarded by the rest of evaluators, excluding the highest and the lowest, shall be aggregated to calculate average points.

2. Subject Matters of Evaluation for each Area and Guidelines for Allocation of Points

The subject matters of evaluation for each area are as follows, and the project-proposal evaluation team may establish detailed guidelines for evaluation and allocation of points within the limits on the allocation of points for each subject matter of evaluation and sub-item, as prescribed in "Detailed Terms and Conditions for Project Proposal and Implementation."

Area	Subject Matters of Evaluation – Details of Evaluation	Allocated Points	
Technical factors	Construction plan (200)	(1) Feasibility of Selected Route	(80)
		. Economic feasibility of the selected route	40
		- Appropriateness of the review on alternative routes	20
		- Analysis of economic benefit from the construction of the proposed route	10
		- Analysis of costs of the construction of the proposed route	10
		. Viability of the project, including prior consultation on causes of conflicts	40
		- Whether consulted with related agencies and the appropriateness of plans for countermeasures	20
		- Level of the construction of an environment-friendly road and measures for the settlement of potential civil petitions	20
		(2) Appropriateness of Design and Construction Plan	(80)
		. Appropriateness of design (survey on current status, design standards, alignment plan, etc.)	60
		- Survey on current status	5
		- Design standards	10
	- Alignment plan	5	
	- Earthworks/drainage	5	
	- Structure plan	10	
	- Tunnel plan	10	
	- Pavement plan	5	
	- Plan for access facilities	5	
	- Plan for ancillary facilities	5	
	. Appropriateness of Construction Plan (schedule plan, quality management plan, environmental management plan, etc.)	20	
	- Appropriateness of construction management plan and schedule plan for each area, etc.	20	
	(3) Appropriateness of Determination of Construction Cost, Compensation Cost, Project Cost, etc.	(40)	
	. Appropriateness of construction cost, design cost, etc.	20	
	. Appropriateness of the plan for securing the land required for the project, including compensation cost	20	
	Project management and operation plan (200)	(1) Appropriateness of Plan for Securing Operational Organization	(40)
		. Formation of the project management organization	20
		. Plan for allocating detailed works for each area, etc.	20
(2) Appropriateness of Plan Established for Stable Operation		(120)	
. Plan for securing facilities and equipment		20	
. Plan for maintenance and repair		30	
. Plan for traffic control and business administration		30	
. Plan for management of disasters and accidents		20	
. Plan for environmental management during operation		20	
(3) Appropriateness of Operating Cost Invested for Providing Quality Services		(40)	
. Costs invested at an early stage of operation and re-invested in facilities		20	
- Appropriateness of costs invested at an early stage and the standards for the determination of such costs		10	
- Appropriateness of the standards for the determination of re-invested costs		10	
. Costs of maintenance and management of facilities		20	
- Appropriateness of the standards for the determination of personnel expense and other expenses and the scale of such expenses		10	
- Appropriateness of the determination of costs of maintenance and management	10		
(4) Level of Contribution to Invigorating Participation by Small and Medium-sized Enterprises and Relief from Bipolarization	(10)		
(5) Appropriateness of Plan for Ancillary Projects	(40)		
. Feasibility and viability of the plan for ancillary projects	20		
- Feasibility of ancillary projects in view of the scale, scope, and location of ancillary projects and the connectivity with the main project	10		
- Reasonableness of the determination of profit from ancillary projects	5		
- Scheme for relieving risks in ancillary projects	5		
. Level of contribution of the plan for ancillary projects	20		
Subtotal		450 points	

Area		Subject Matters of Evaluation – Details of Evaluation	Allocated Points
Demand and Price Factors (600 points)	Estimation of traffic demand (150)	(1) Appropriateness of Method and Process of Estimation of Traffic Demand	(70)
		. Conformity with analysis of basic data and relevant plans	20
		. Appropriateness of basic assumptions and data to estimate demand	20
		. Appropriateness of the model for estimating traffic demand	30
		(2) Appropriateness of Estimated Demand and the Determination of the Scale of Facilities	(80)
		. Appropriateness of demand estimated	60
		. Appropriateness of the determination of the scale of facilities	20
Toll rates (200)	. Absolute evaluation according to the ratio of toll rates to those of the Korea Highway Corporation	200	
Ratio of government financial support (200)	. Absolute evaluation according to the ratio of construction subsidies proposed by each project proponent to the estimated construction cost (or) . Relative evaluation by comparing the level of government financial support requested by each project proponent	200	
Subtotal	Demand and price factors	550 points	
Total Points Allocated	Technical factors and demand and price factors	1,000 points	

2.1. Construction Plan

2.1.1 Feasibility of selected route

(1) Feasibility of the selected route in economic aspect

(i) Appropriateness of the review on alternative routes

- (a) Whether appropriate alternative routes have been proposed to solve problems anticipated in the traffic patterns and the road network system when the main project is not implemented after reviewing such problems.
- (b) Whether the traffic volume and the scale of facilities for each alternative route have been appropriately considered in the scheme for linkage between junctions on the origin/destination and with existing and planned main road networks.
- (c) Whether the Government's burden for each alternative route, such as compensation cost and governmental financial support, has been reviewed appropriately and whether the finally proposed route is a route that will minimize the Government's burden.

- (ii) Analysis of economic benefit from the construction of the proposed route
 - (a) The appropriateness of the analysis on direct benefit, such as the reduction of travel time and operating expenses expected as a consequence of constructing the proposed route.
 - (b) The appropriateness of the analysis on indirect effects of improvement, such as the reduction of travel time on nearby main roads and the improvement of the level of services expected as a consequence of constructing the proposed route, and the effects of regional development, such as creation of jobs.
 - (c) The appropriateness of the analysis on the contribution to the balanced development of national land as a consequence of constructing the proposed route, such as the improvement of the accessibility of regional main cities and areas with high development potential.
- (iii) Analysis of costs of the construction of the proposed route
 - (a) The appropriateness of the analysis on the construction cost per km, the costs of maintenance and management, and the compensation cost expected on the assumption that the proposed route has four lanes (based on designed costs).
 - (b) The appropriateness of the review on contingent causes of an increase of the project cost, expected when the proposed route is built, such as an increase of the project costs as a result of encountering obstacles or reflection of a related agency's request.
 - (c) The appropriateness of efforts to reduce costs, such as the LCC analysis conducted to find whether operating costs have been increased as a result of selecting an unreasonable route or establishing an unreasonable plan for facilities in order to reduce the project cost.
- (2) Viability of the project, including prior consultation on causes of conflicts
 - (i) Whether the procedure for consulting with related agencies or collecting opinions at the time the plans for the route and structures were prepared and whether the plan for countermeasures therefor is appropriate.

- (a) The appropriateness of the preliminary test, such as whether relevant facts, such as the current status of various development plans and the use of major facilities, have been verified and whether a conflict with any development plan or any major facility has been examined.
 - (b) The appropriateness of prior consultation with related agencies, such as whether request from related agencies have been fully understood and presented through sufficient consultation with related agencies.
 - (c) The appropriateness of reflecting related agencies in the proposal, such as whether the reasonableness of requests from related agencies has been examined and reflected appropriately in the plans for the route and structures, if necessary, and whether differences, if any, in opinions between related agencies have been properly adjusted and reflected.
 - (d) The appropriateness of consultation on the access to and connection with expressways and national roads and the appropriateness of consultation on infrastructure, such as railroads, electricity, and telecommunications facilities.
- (ii) Construction of an environment-friendly road and measures for the settlement of potential civil petitions
- (a) The appropriateness of efforts for preventing occurrences of collective civil petitions from environmental organizations, etc., such as whether the proposed route encroaches on habitats of wild animals, a water source protection zone, or other environmental protection zone has been minimized and whether damage to a conserved forest has been minimized.
 - (b) The appropriateness of efforts for preventing occurrences of collective civil petitions from local residents, such as whether it has been avoided to make the route pass by an urban area, a village, a religious facility, or any other area where a civil petition is likely to occur.
 - (c) The appropriateness of the review on the viability of the proposed route, such as whether the possibility of obtaining authorization

and permission under relevant Acts and subordinate statutes has been reviewed.

2.1.2 Appropriateness of Design and Construction Plan

(1) Appropriateness of design

(i) Survey on current status

- Whether the current status of environs of the planned route has been reflected in design.

(The current status of roads, sources of materials, borrowing pits, weather survey, freezing depth, hydraulic survey, rivers, survey on mining rights, cultural heritage, and various conservation zones)

(ii) Design standards

- Whether design standards for the planned roads have been established appropriately.

(Classification of roads, design speed, composition of cross section, standards of geometric structures, design standards for bridges, design standards for tunnels, the application of recently revised design standards, etc.)

(iii) Alignment plan

- (a) Whether the alignment plan has been prepared in conformity with standards by comparing geographical conditions, safety (securing visibility, etc.), economic efficiency, etc.

- (b) Whether the alignment plan for sections connecting with existing roads has been prepared appropriately, considering traffic management.

(iv) Earthworks/drainage works

- (a) The methods for protecting and reinforcing slopes have been reasonably applied in accordance with the nature of various kinds of soil.

- (b) Whether the measures for treating soft ground sections are appropriate.

- (c) The quantity of soil cut and filled has been appropriately planned in estimating the rough quantity of construction.

- (d) The appropriateness of the plans for drainage facilities and cross-sectional structures.

(v) Structural plan

- (a) Whether the type and construction method of bridges have been appropriately selected, taking into consideration the economic efficiency, aesthetic view, the stability of structures, environment, and other conditions around the area.
- (b) The appropriateness of the location of bridges, etc.
- (c) Whether basic plans for improvement of rivers, including plans for improvement of rivers, planned flood volume, and planned flood water level, have been taken into consideration and reflected appropriately in the proposal.
- (d) Whether future extension plans for roads and railroads have been appropriately reflected in the proposal.

(vi) Tunnel plan

- (a) Comprehensive review of the location of tunnels, the level of difficulties in construction, ancillary facilities, environmental conservation, etc. have been made in making a decision on such matters.
- (b) Whether the geographical and geological conditions, workability, economic efficiency, safety in driving, etc. have been fully considered in determining the alignment inside tunnels.
- (c) Whether the plan for the prevention of disasters and ventilation systems have been appropriately reviewed and applied.
- (d) Whether the type of tunnel portal have been planned in harmony with geographical features.

(vii) Pavement plan

- (a) The type of pavement has been appropriately selected by considering traffic conditions, soil conditions (geographical and geological), environmental conditions (weather, climate, freezing, melting), etc.
- (b) Whether the appropriate thickness of pavements has been secured for public use (whether variance of traffic volume between sections has been considered in determining the thickness of pavements).

(viii) Plan for access facilities

- (a) Whether consultation with related agencies has been sufficiently

conducted in selecting the location of interchanges (whether plans for developing environs and settling civil petitions from local residents have been reflected, etc.)

- (b) Whether geographical conditions and the impact on traffic volume have been reviewed in determining the type of interchanges.
 - (c) Whether the road operation system, economic efficiency, etc. have been comprehensively reviewed in planning the layout of interchanges.
 - (d) Whether the number of lanes on each ramp has been appropriately planned in comparison with traffic capacity.
- (ix) Plan for ancillary facilities
- (a) Whether the operation system (open or closed type) has been appropriately reviewed.
 - (b) Whether the scale of facilities in each tollgate office and the number of lanes have been appropriately reviewed and determined.
 - (c) Whether the scheme for the operation system with connecting roads is appropriate.
 - (d) The appropriateness of the layout plan for resting areas (including distance from connecting roads)
 - (e) The appropriateness of determining the scale of resting areas.

(2) Appropriateness of construction plan

- (i) The appropriateness of the project management plan and schedule plan for each area shall be evaluated.
- (ii) The appropriateness of the project management plan and organization for each area (appropriateness of schedule, construction works, quality control, safety control, environmental management, and ancillary facilities).
- (iii) The appropriateness of the schedule plan and the annual budget plan.
- (iv) The appropriateness of the scheme for reducing damage to the environment (appropriateness of schemes and measures for reducing damage to the environment in each area, such as geographical and geological features, flora and fauna, noise, vibration, water quality, air,

and wastes).

- (v) The reasonableness of the traffic management plan during construction.
- (vi) Whether a scheme for settling potential civil petitions has been sought for each stage in selecting construction methods and planning structures and has been reflected in the project plan.
- (vii) The appropriateness of the scheme for guaranteeing reliable construction, including applicability of insurance to construction and insurance coverage.

2.1.3 Appropriateness of determining construction cost, compensation cost, project cost, etc.

(1) Appropriateness of determining construction cost, design cost, etc.

With respect to each item of survey cost, design cost, construction cost, supervision cost, various impact assessment costs, etc., the appropriateness of the standards for calculating quantity, applied unit prices (including changes of the base time), the details of the calculation of construction cost for each work section, and the course of determination shall be evaluated.

- (i) Appropriateness of calculating quantity and amount of construction works.
- (ii) With regard to the appropriateness of the bases for determining construction cost, whether construction cost has been determined in accordance with unit labor cost in the market, the guidelines for estimating construction costs, and the preparation guidelines under accounting regulations regarding cost calculation and whether the materials to be used (applied unit prices) are appropriate shall be examined.
- (iii) The bases for calculating design cost, survey cost, and incidental cost and whether such bases are appropriate.

(2) Plan for securing the land required for the project, including compensation cost

The bases for and details of determining compensation costs for land and obstacles and the viability and feasibility of the plan for securing the land required shall be evaluated with the plan for securing the land.

- (i) The appropriateness of calculating compensation costs for land, including the categorization of land for the site, the classification of state-owned and public land, and survey on actual selling prices, the appropriateness of determining compensation costs for obstacles, and the reliability of the bases for and details of determining compensation costs.
 - (ii) Whether the area of land included in the site for each alternative route and the compensation cost therefor have been reflected in the route plan, whether causes of increasing land prices have been analyzed and reflected, and whether a scheme for minimizing compensation costs, such as a plan for facilities for reducing compensation costs if the route passes through an area for which compensation costs are high, has been reviewed and applied.
 - (iii) Whether restrictions on activities under relevant Acts and subordinate statutes and conflicts with various development plans have been identified, whether there is no unreasonable plan for reducing construction costs or compensation costs, and whether the plan for securing land for the site is viable and feasible.
- (3) If the project-proposal evaluation team finds that there is an omission in a proposal with regard to an essential cost item for the construction of the main project, it may evaluate the proposal by including the highest cost for the omitted item among the costs proposed by other proponents, but this does mean that the relevant cost is additionally recognizable at the time when the concession agreement is made.

2.2. Project Management and Operation Plan

2.2.1 Appropriateness of plan for securing operational organization

The appropriateness of the plan for allocating works in each field and the plan for operation in each field of maintenance and management shall be evaluated.

(1) Plan for formation of organization for project management

- (i) The appropriateness of composition of manpower of the operating organization (including executives, employees, and outsource manpower).

(ii) The appropriateness of organization (chart), the allocation of works to each department, and secured experts).

(2) Plan for maintenance and management works in each field

(i) Operation of the corporation.

(ii) Traffic centers and traffic management (including maintenance and management of ITS system and other equipment).

(iii) Maintenance and management of roads, tunnels, etc.

2.2.2 Appropriateness of plan established for stable operation

(1) The appropriateness of the plan for securing facilities and equipment for stable operation and the disasters and accidents management plan shall be evaluated.

(i) Plan for securing facilities and equipment

(a) Whether appropriate facilities are secured in accordance with the maintenance and management plan.

- Securing materials (materials for repair, equipment for inspection, traffic signs, goods for safety, other reserve materials, etc.).

- Offices for maintenance and management, tollgate offices, repair shops, equipment storage units, warehouses.

- The appropriateness of the scale and location of warehouses for winter materials for snow removal.

(b) Whether the appropriate scale of equipment is secured in accordance with the maintenance and management plan.

- Whether dump trucks, snow ploughs, and heavy equipment appropriate for the scale of the route are secured.

- The appropriateness of the plan for securing equipment that can be mobilized in emergency cases.

- Tools and fixtures for repairing equipment, etc.

(ii) Plan for maintenance and repair

(a) The appropriateness of the plan established for maintenance and repair (roads, ancillary facilities, ITS facilities, and others).

(b) The appropriateness of the plan for the management of structures under relevant Acts and subordinate statutes (bridges, tunnels, substantially cut sections, filled slopes, and other structures).

(iii) Plan for traffic control and business administration

- (a) Plan for utilization of ITS system.
- (b) Plan for handling traffic accidents and other accidents.
- (c) Plan for operation of turn spaces.
- (d) The appropriateness of the plan for utilizing detour roads and establishing the emergency rescue system.
- (e) Plan for handling civil petitions and education of service.
- (f) Plan for operation of toll payment means.
- (iv) Disasters and accidents management plan
 - (a) The appropriateness of the plan established for managing disasters and accidents.
 - (aa) The appropriateness of measures established for each type of disaster or accident.
 - (bb) The reporting system, the transmission of current status, and the emergency network.
 - (cc) Whether materials are secured, a management plan has been established, and costs of management have been determined.
 - (b) The appropriateness of the organization for managing disasters and accidents.
 - Plan for the mobilization of manpower, materials, and equipment in emergency, etc.
 - (aa) Materials prepared for storms, floods, accidents, and snow removal.
 - (bb) Materials prepared for wartime.
 - (cc) Whether places for storage of various materials are secured.
- (v) Environmental management plan during operation
 - The appropriateness of the environmental management plan, such as measures for preventing noise and air pollution.

2.2.3 Appropriateness of Plan for Investing Operating Costs for Providing Quality Services

The appropriateness of operating costs at an early stage of operation and reinvested in facilities and costs of maintenance and management of facilities shall be evaluated.

- (1) Costs at an early stage of operation and re-invested in facilities
 - (i) The appropriateness of costs at an early stage of operation and the

guidelines for determining such costs.

(ii) The appropriateness of re-invested costs and the guidelines for the determination of such costs.

(2) Maintenance and management Costs of facilities

(i) The appropriateness of the guidelines for determining operating costs and the scale of such costs.

(ii) The appropriateness of determining maintenance and management costs.

(3) If the project-proposal evaluation team finds that there is an omission in a proposal with regard to an essential cost item for the construction of the main project, it may evaluate the proposal by including the highest cost for the omitted item among the costs proposed by other proponents, but this does mean that the relevant cost is additionally recognizable at the time when the concession agreement is made.

2.2.4 Level of Contribution to Invigorating Participation by Small and Medium-sized Enterprises and Relief from Bipolarization

The selection of constructors shall be evaluated based on the ratio of the amount of contracts planned to be awarded to small and medium-sized enterprises to construction cost.

Subject Matters of Evaluation	Evaluation points	Applicable guidelines
Plan for participation of small and medium-sized enterprises	() points × (construction ratio÷()%)	. If (construction ratio÷()%)≥1, 1 shall be applied. . Construction ratio: The ratio of construction cost of works that small and medium-sized enterprises will perform.

2.2.5 Appropriateness of Plan for Ancillary Projects

(1) Feasibility and viability of the plan for ancillary projects

(i) The feasibility of ancillary projects in view of the scale, scope, and location of ancillary projects and their connectivity with the main project

(ii) The reasonableness of determining profit from ancillary projects

(iii) The Scheme for relieving risks in ancillary projects

(2) Level of contribution of ancillary projects²⁷⁾

(Example)

Level of contribution of ancillary projects	=	$\frac{\text{Net income from proposed ancillary projects}}{\text{Ceiling on net income from ancillary projects}^{28)}$	x	20 points
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2.3. Estimation of Traffic Demand

With regard to the traffic volume estimated by a project proponent, the appropriateness of the process of calculating and of estimating demand shall be evaluated, considering the elasticity of tolls depending upon the toll rates and traffic demand proposed for the main project (including 1.0 time compared to the standard toll rates presented by the competent authority), etc.

2.3.1 Appropriateness of Method and Process of Estimating Traffic Demand

(1) Conformity with analysis of basic data and relevant plans

(i) Project overview:

- (a) The level of understanding of the background and purposes of the project;
- (b) Understanding of the characteristics and issues of the project.

(ii) Analysis on socioeconomic indices:

- (a) The level of the arrangement and analysis on socioeconomic indices appropriate for the scale and characteristics of the project shall be evaluated;
- (b) Whether basic statistical data from officially recognized sources have been appropriately utilized shall be assessed.

(iii) Analysis on current traffic conditions:

- (a) The appropriateness and accuracy of the analysis on the current status of traffic facilities related to the project shall be evaluated.

(iv) Systemicity of review of relevant plans

27) The maximum rate of the contribution of ancillary projects to the main project (for example, 20%, 10%, etc.) shall be established, and an absolute evaluation shall be made on the ratio of net income from ancillary projects.

28) The ceiling on net income from ancillary projects shall be decided by the competent authority, considering the scale of the main project facilities.

- (a) The appropriateness of the analysis on connectivity with higher-level plans shall be evaluated;
 - (b) Whether housing site development plans, urban development plans, and other relevant higher-level plans and development plans for the area around the project have been reasonably reviewed shall be evaluated.
- (v) Reasonableness of application of relevant plans:
- (a) Whether the level of variance in traffic volume generated from the reflection of relevant plans has been reasonably estimated, shall be assessed.
 - (b) Whether unit requirements have been appropriately applied in reflecting relevant plans, shall be assessed.
- (2) Appropriateness of basic assumptions and data for estimating demand
- (i) Establishment of O/D:
 - (a) Evaluate whether data from officially recognized sources have been used;
 - (b) Assess the reasonableness of the process of the modification of O/D as a result of the reflection of relevant plans and the results of the reflection.
 - (ii) The appropriateness of a network established:
 - (a) The specificity and appropriateness of modified information of the network as a result of the reflection of the base network and relevant plans shall be assessed.
 - (iii) Reliability of applied factors:
 - (a) Whether reliable values have been applied as K factor, D factor, PHF, etc. shall be evaluated.
 - (iv) Reasonableness of establishment of target year for analysis:
 - (a) Whether the time to reflect plans that affect socioeconomic conditions and traffic patterns related to the project has been considered appropriately in establishing the target year.
 - (v) Appropriateness of scope of analysis established:
 - (a) Whether a traffic zone suitable for purposes of the analysis has been established and whether the methodology for subdividing the traffic zone is reasonable in light of characteristics of the area at

issue shall be evaluated.

(vi) Settlement of network:

- (a) The specificity of the procedure and method for the analysis on the validation of the results of traffic assignment to the base year shall be evaluated.
- (b) The reasonableness of the results of settlement shall be assessed by comparing the results of the traffic assignment to the base year with the results of the field survey (or data from officially recognized sources).

(3) The appropriateness of the model for estimating traffic demand shall be evaluated.

(i) Traffic generation:

- (a) Whether relevant data have been efficiently utilized in the analysis (basic data about generated volume are provided by the Center for Korea Transport Database, and how such data have been utilized in applying the data to the project shall be assessed).

(ii) Traffic distribution:

- (a) The appropriateness of the model applied shall be evaluated, where traffic distribution has been drawn out directly from the model.

(iii) Modal split:

- (a) The appropriateness of the composition of the utility function in developing the modal split model shall be assessed (the appropriateness of factors, codes, and variables shall be evaluated);
- (b) The reasonableness of the development process of the modal split model shall be assessed (the survey method, the characteristics of data, the number of samples, the settlement method, etc. shall be evaluated).

(iv) Traffic assignment

The reasonableness of the application of basic data shall be evaluated (the average auto occupancy, the passenger car equivalent, and the volume-delay function depending upon attributes of each road, etc.)

2.3.2 Appropriateness of Estimated Demand and the Determination of the Scale of Facilities

- (1) The appropriateness and reasonableness of the estimated results of traffic demand shall be evaluated comprehensively, considering the following factors:
 - (i) Reasonableness of the estimated results of traffic demand:
 - (a) Whether relevant data have been efficiently utilized and analyzed shall be assessed (basic data about generated volume are provided by the Center for Korea Transport Database, and how such data have been utilized in applying the data to the project shall be assessed);
 - (b) The reasonableness of the results of traffic distribution shall be evaluated (the method of calibrating zero cells, the distribution of traffic volume between distances and zones, etc.);
 - (c) The appropriateness of the modal share shall be assessed (whether an appropriate value for the modal share of each facility has been drawn out with existing data shall be validated);
 - (d) The reasonableness of the results of future traffic assignment shall be evaluated (the reasonableness of the results drawn out by comparing the results of existing research on similar cases with reality).
 - (ii) Validation of elasticity of demand:
 - (a) The appropriateness of the demand for each level of toll rate, such as the traffic volume calculated based on 1.0 time the standard toll rates (or toll rates of the Korea Highway Corporation) and the traffic volume proposed to apply to the main project, shall be evaluated;
 - (b) Whether the analysis has been made with a reasonable level of demand shall be evaluated by comparing the analysis with actual cases and the results produced through existing research.
- (2) The appropriateness of the determination of the scale of facilities shall be evaluated.
 - (i) Appropriateness of determination of the scale of facilities:
 - (a) The reasonableness of the method for determining the scale of

facilities, including the number of lanes, shall be evaluated.

(ii) Risk management through sensitivity analysis, etc.

(a) Whether the scale of the project promoted is appropriate for coping with changes in demand following changes in internal and external factors in the future shall be evaluated.

2.4. Evaluation of Price Factors

(1) Points for the toll rates, the ratio of governmental financial support, etc. proposed by a project proponent shall be awarded by evaluating the proposal in accordance with the guidelines provided for in "Detailed Terms and Conditions for Project Proposal and Implementation."

(2) If Government subsidies have been requested for various charges incurred in implementing the project, such subsidies shall be included in construction subsidies in determining the ratio of Governmental financial support.