

# Case Study 2

## Australia-Japan Cable: Structuring the Project Company

### Case Study Assignments

- 1) How would you characterize the project assets? What makes them different or unique?
- 2) Who are the capital providers for the AJC project? Are they likely to earn an appropriate risk adjusted return on their investment? What potential problems could arise that would prevent them from earning a return on their invested capital.
1. How would you structure the project company to mitigate these problems? What are your recommendations in terms of:
  - ownership structure (how many sponsors and which ones?)
  - capital structure (project vs. corporate finance, leverage, type of debt, etc.)
  - organizational structure
  - board structure (how many directors? should they be insiders or outsiders?)
  - management compensation

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