INVESTMENT INCENTIVE AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE REPUBLIC OF ARMENIA

The Government of the United States of America and the Government of the Republic of Armenia affirm their common desire to encourage economic activities in Armenia which promote the development of the economic resources and productive capacities of Armenia. Recognizing that this objective can be promoted through investment insurance (including reinsurance), loans and guaranties which are backed in whole or in part by the Government of the United States of America and administered by the Overseas Private Investment Corporation ("OPIC") -- an agency of the Government of the United States of America -- or pursuant to agency arrangements between OPIC and private companies, the parties signatory hereto agree as follows:

ARTICLE 1

As used in this Agreement, the term "Coverage" shall refer to any investment insurance, reinsurance or guaranty which is issued in accordance with this Agreement by OPIC, by any successor agency of the United States of America, or by the agent of either. In this Agreement, the term "Issuer" shall refer to

OPIC and any such successor agency, or the agent of either, to the extent of their interest as insurer, reinsurer, or guarantor in any Coverage, whether as a party or successor to a contract providing Coverage or as an agent for the administration of Coverage.

ARTICLE 2

a) If the Issuer makes payment to any party under Coverage, the Government of the Republic of Armenia shall, subject to the provisions of Article 3 hereof, recognize the transfer to the Issuer of any assets, including currency, credits, or investment, on account of which payment under such Coverage is made as well as the succession of the Issuer to any right, title, claim, privilege, or cause of action existing, or which may arise, in connection therewith.

(b) The Issuer shall assert no greater rights than those of the transferring party under Coverage with respect to any interests transferred or succeeded to under this Article. Nothing in this Agreement shall limit the right of the Government of the United States of America to assert a claim under international law in its sovereign capacity, as distinct from any rights it may have as Issuer.

(c) The Issuer shall not be subject to regulation under the laws of the Republic of Armenia applicable to insurance or financial organizations.

(d) Interest and fees on loans made or guaranteed by the Issuer shall be exempt from tax in Armenia. The Issuer shall not be subject to tax in Armenia as a result of any transfer or succession which occurs pursuant to Article 2(a) hereof. Tax treatment of other transactions conducted by the Issuer in Armenia shall be determined by applicable law or specific agreement between the Issuer and competent authorities of the Republic of Armenia.

ARTICLE 3

To the extent that the laws of the Republic of Armenia partially or wholly invalidate or prohibit the acquisition from a party under Coverage of any interest in any property within the territory of Armenia by the Issuer, the Government of the Republic of Armenia shall permit such party and the Issuer to make appropriate arrangements pursuant to which such interests are transferred to a person or entity permitted to own such interests under the laws of the Republic of Armenia.

ARTICLE 4

(a) Amounts in the currency of Armenia, including credits thereof, acquired by the Issuer by virtue of such Coverage shall be accorded treatment by the Government of the Republic of Armenia no less favorable

as to use and conversion than the treatment to which such funds would be entitled in the hands of the party under Coverage.

(b) Such amounts and credits may be transferred by the Issuer to any person or entity and upon such transfer shall be freely available for use by such person or entity in the territory of Armenia in accordance with its laws.

(c) The provisions of this Article 4 shall also apply to any amounts and credits in the currency of Armenia which may be accepted by the Issuer in settlement of obligations with respect to loans made by the Issuer for projects in Armenia.

ARTICLE 5

(a) Any dispute between the Government of the United States of America and the Government of the Republic of Armenia regarding the interpretation of this Agreement or which, in the opinion of one of the Governments, involves a question of international law arising out of any project or activity for which Coverage has been issued shall be resolved, insofar as possible, through negotiations between the two Governments. If, at the end of six months following the request for negotiations, the two Governments have not resolved the dispute by agreement, the dispute,

including the question of whether such dispute presents a question of international law, shall be submitted, at the initiative of either Government, to an arbitral tribunal for resolution in accordance with Article 5(b).

(b) The arbitral tribunal for resolution of disputes pursuant to Article 5(a) shall be established and function as follows:

(i) Each Government shall appoint one arbitrator; these two arbitrators shall designate a president by common agreement who shall be a citizen of a third state and whose appointment shall be subject to acceptance by the two Governments. The arbitrators shall be appointed within three months and the president within six months of the date of receipt of either Government's request for arbitration. If the appointments are not made within the foregoing time limits, either Government may, in the absence of any other agreement, request the Secretary-General of the International Centre for the Settlement of Investment Disputes to make the necessary appointment or appointments, and both Governments agree to accept such appointment or appointments.

(ii) The arbitral tribunal shall base its decision on the applicable principles and rules of international law. The arbitral tribunal shall decide by majority vote. Its decision shall be final and binding.

(iii) During the proceedings, each of the Governments shall pay the expense of its arbitrator and of its representation in the proceedings before the arbitral tribunal, whereas the expenses of the president and other costs of arbitration shall be paid in equal parts by the two Governments. In its award, the arbitral tribunal may, in its discretion, reallocate expenses and costs between the two Governments.

(iv) In all other matters, the arbitral tribunal shall regulate its own procedures.

ARTICLE 6

The two Governments, desiring reciprocity, agree that, in the event the Government of the Republic of Armenia makes arrangements to issue Coverage in the United States of America under a program similar in substance to the investment guaranty program to which this Agreement relates, provisions equivalent to those of this Agreement shall apply with respect to Armenian

investments in the United States of America upon completion of the constitutional and other legal processes of both Governments approving such arrangements.

ARTICLE 7

This Agreement shall continue in force until the expiration of twelve months from the date on which either Government shall have given written notice of termination to the other. Provided that in respect of Coverage issued or loans made at any time before the termination of the Agreement, its provisions shall continue in effect with respect to such Coverage or loans for a period of twenty years after the date of termination.

This Agreement shall enter into force on the date of signing.

Done at Washington on the second day of April, 1992, in duplicate.

For the Government of
THE UNITED STATES OF AMERICA

For the Government of
THE REPUBLIC OF ARMENIA