

REPORT FROM OPIC MANAGEMENT TO THE BOARD OF DIRECTORS

SECTION I: NON-CONFIDENTIAL PROJECT INFORMATION

Host Countries:	Israel
Name of Borrower:	Israel Cleantech Ventures II L.P. (the “Fund”), a Cayman Islands exempted limited partnership
Sponsors:	Israel Cleantech Management Ltd. (the “Fund Manager”), an Israeli company
Project Description:	The Fund is the Fund Manager’s second venture capital fund pursuing a strategy broadly diversified by stage and across a range of cleantech sectors, including renewable energy, water resources, wastewater treatment, “smart-grid” and other process efficiency technologies, pollution monitoring and mitigation, and sustainable agriculture. The Fund is expected to invest on average \$6 million to \$9 million per company, leading or co-leading investment rounds in 10 to 12 companies over the Fund’s lifecycle.
Total Fund Capitalization:	\$135 million (including OPIC facility)
Proposed OPIC Loan:	OPIC loan guarantee of up to \$35 million in principal plus accrued and accreted interest thereon.
Term of Fund:	The Fund will have a term of ten (10) years, with the possibility of three one-year extensions subject to the consent of the Advisory Board and the shareholders.
Selection Process:	<p>During the December 2010 United Nations Climate Change Conference held in Cancun, Mexico, OPIC President & CEO Elizabeth Littlefield announced that OPIC would provide at least \$300 million in financing for new private equity investment funds that could ultimately invest more than \$1 billion in renewable resources projects in emerging markets. To deliver on this commitment, OPIC announced a Global Renewable Resources Funds call for proposals to help catalyze and facilitate private sector investments promoting renewable resources globally (the “Call”). The OPIC Evaluation Committee selected the Fund from among 56 respondents to the Call with the assistance of Cambridge Associates, as gatekeeper.</p> <p>The Fund advances the objectives of the Call by providing additional capital to invest in climate solutions in a range of cleantech sectors, including renewable energy, water resources, wastewater treatment, “smart-grid” and other process efficiency technologies, pollution monitoring and mitigation, and sustainable agriculture, areas of strategic interest where OPIC’s</p>

	portfolio benefits from additional diversification.
Policy Review	
U.S. Economic Impact:	Since this clearance concerns the overall fund, there is no potential for an adverse impact on the U.S. economy at this time. However, future Fund downstream investments will be analyzed individually for their impact on the U.S. economy in accordance with OPIC's guidelines.
Developmental Effects:	The Fund will have a significant developmental impact on the host country, Israel. The Fund will invest in companies that are developing technologies across various cleantech sectors, including renewable energy, alternative fuels, water resource and waste water treatment, pollution monitoring and mitigation, and sustainable agriculture. These companies will roll out new technologies that will lead to increased energy efficiency, environmental preservation, and a reduction in fossil fuel usage in markets where products are sold.
Environment:	<p>The capitalization of a fund is screened as a Category D activity for the purposes of environmental and social assessment. Although no further assessment is warranted at this stage in the transaction, each and every downstream investment by the Fund will be screened at and subject to the full scope of OPIC's environmental and social assessment process, including public disclosure within the host country of Environmental Impact Assessments for Category A projects, conditionality and monitoring, as is warranted by the nature and scope of the downstream investments.</p> <p>Under OPIC's environmental and social policies, the Fund will be required to establish an Environmental Management System which will assess the environmental and social impact of their own operations as well as the operations of their downstream investments, and include the environmental and social objectives and principles that will be used to guide the Fund and downstream investments to implement measures that will eliminate risks, ameliorate damage, and enhance positive effects.</p>
Workers Rights:	Each of the Fund's subprojects will be evaluated separately with regard to specifics of operation and compliance with OPIC worker rights and human rights approval criteria. Standard and supplemental worker rights language for each subproject will be included in the subproject's Consent Notice.
Human Rights:	In consultation with the Department of State, the Fund received a Human Rights Clearance on May 16, 2011.