

**IMPACT INVESTMENT CALL FOR PROPOSALS
DRAFT INDICATIVE TERMS & CONDITIONS AS OF 3/28/11**

THIS DRAFT IS FOR DISCUSSION PURPOSES ONLY AND HAS NOT BEEN APPROVED BY OPIC. THIS DRAFT DOES NOT CONSTITUTE AN AGREEMENT BY OPIC OR A COMMITMENT BY OPIC TO ENTER INTO AN AGREEMENT AND IS SUBJECT TO REVIEW AND CHANGE.

**OPIC POLITICAL RISK INSURANCE FOR
INVESTMENTS MADE VIA AN INVESTMENT FUND**

- Insured Investor(s): “Eligible Investors”, meaning any U.S. citizens, U.S. entities (e.g., corporations, partnerships, and associations, including not for profits) established in the U.S. more than 50% owned by U.S. citizens or corporations, foreign corporations more than 95% owned by U.S. citizens or corporations, or other foreign entities 100% owned by U.S. citizens or corporations. If the Investment Fund qualifies as an eligible investor, OPIC could insure the Investment Fund directly for the investments it makes. For example, if the Vehicle is funded by a statutory business trust established in the U.S. with a U.S. trustee and at least 25% funded by eligible investors, all of the investments made by the Investment Fund would be eligible for OPIC political risk insurance.
- Insured Investment(s): The Insured Investor’s share of (or beneficial interest in) investments in portfolio companies as made by the Investment Fund.
- Risks Insured: Currency Inconvertibility, Expropriation, and Political Violence, as detailed below.
- Currency Inconvertibility:
- Coverage: Inability to convert or transfer local currency constituting earnings from or returns of the Insured Investment within a 30 day waiting period.
 - Compensation: The Insured Investor’s share of the dollar equivalent of such inconvertible local currency.
- Expropriation:
- Coverage: Actions by the foreign government authority which deprive the Investor of its fundamental rights, having the effect of a “taking” without prompt, adequate, and effective compensation, and continuing for six consecutive months (but excluding regulatory changes or creeping expropriation).
 - Compensation: The Insured Investor’s share of the net book value of the portfolio company. (Note that OPIC may seek recovery for the fair market value and pay the Insured Investor any excess amount if OPIC recovers more than the net book value).
- Political Violence:
- Coverage: Violent acts undertaken with the primary intent of achieving a political objective and resulting in the damage or loss of tangible assets owned by the portfolio company, including specifically terrorism and civil strife (but excluding war, civil war, or acts undertaken primarily to achieve labor or student objectives).
 - Compensation: If the tangible assets are repaired or replaced within three years, the amount of compensation would be up to 200% of the original cost. If the assets are not repaired or replaced, the compensation is the “adjusted

cost” (the least of the original cost, the cost to repair or replace or the fair market value of the assets on the date of the loss).

- Disappearing Deductible: 30% of the aggregate of the Insured Investment.
- Maximum Aggregate Compensation: 90% of each loss up to a Maximum Aggregate Compensation (the aggregate of the Insured Investment) up to \$250,000,000.
- Premium rates: 0.30% per annum on the Insured Investment in Category A Countries; and 0.50% per annum on the Insured Investment in Category B Countries.
- Category A Countries: Countries that are not Category B Countries.
- Category B Countries: Countries that are currently in conflict or distress (e.g. Afghanistan, Pakistan, Egypt, Tunisia, Yemen), post-conflict (e.g. Iraq) or otherwise requiring special approvals for OPIC support. A definitive list of Category B Countries will be provided with OPIC’s commitment for coverage.
- Foreign Government Approval: An approval for OPIC support may be required in certain countries. In some cases, there is no need for a project specific approval. In other cases, the availability of coverage for projects is subject to approval by the host government. OPIC will seek to obtain such approvals if required prior to binding coverage.
- Assignment: The Insured Investor will be required to assign all interests attributable to the Insured Investor’s share of Insured Investment if OPIC makes a claim payment.
- Recoveries: OPIC may seek recoveries for currency inconvertibility and expropriation claims payments. As noted above, if the recovery relates to an expropriation claim, OPIC may seek recovery for the fair market value and pay the Insured Investor any excess recoveries if OPIC recovers more than the net book value.
- Claims Recovery Cooperation: OPIC may seek recoveries in cooperation with the non-insured investors who may, if preferred, request that OPIC also pursue recoveries on their behalf and OPIC will consider whether to do so, depending on circumstances at the time. If the Insured Investor is not the Investment Fund itself, then OPIC will require an agreement with the Investment Fund to permit the assignment of the Insured Investor’s share of (or beneficial interest in) the Insured Investment in the event of a claim and to provide the terms and conditions for claims recovery cooperation with the Investment Fund and any non-insured investors.