

**PUBLIC INFORMATION STATEMENT
INTERAMERICAN ENERGY LEASING COMPANY
(COLOMBIA)
CONTRACT No. D723**

On July 15, 2004, OPIC and InterAmerican Leasing Company (IAEL) concluded a settlement agreement relating to IAEL's claim for compensation for loss of its insured equity investment in the Mamanol project as a result of expropriation.

In January 1993, OPIC issued a Contract of Insurance Against Inconvertibility, Expropriation and Political Violence No. D723 to cover IAEL's equity investment in the Mamanol gas-fired power plant in Cartagena, Colombia.

In February 2001, guerilla groups began destroying power transmission lines connecting key hydroelectric plants with the heaviest demand segment of the national power grid, including Cartagena, thereby creating isolated service areas that could be supplied with power only by more expensive thermal power producers, such as Mamanol. To maintain price stability, the Colombian regulatory authority, CREG, enacted a measure, Resolution 34, which imposed a cap on the rates that a generator could charge. IAEL contended, among other things, that, by preventing recovery of actual costs, Resolution 34 caused operating losses that undermined the project's ability to service its debt and cover operating costs. In August 2001, IAEL advised OPIC of a potential claim.

In the context of U.S. regulatory systems, which generally provide for actual cost recovery plus a modest profit, Resolution 34 appeared to be a regulatory taking. Accordingly, the U.S. Embassy, OPIC and other USG agencies expressed concern to the Government of Colombia (GOC) and engaged in efforts to persuade the GOC to mitigate the impact of Resolution 34. These efforts, which extended from September 2001 through October 2002, included letters to the President of Colombia, as well as demarches by the American ambassador.

In January 2002, AES Corporation (AES), on behalf of the equity owners of IAEL filed a claim for expropriation under Contract D723 based on the theory that enactment of Resolution 34 was an expropriatory act. In August 2002 and May 2003, AES supplemented its application. In support of its claim, AES submitted a legal brief and report from its Colombian Counsel.

In the interim, OPIC had been analyzing the project, with assistance of outside engineering and financial experts. It appeared to OPIC that the project's inability to meet its financial obligations may have been due to commercial factors and not any covered political risk. OPIC also sought advice from Colombian counsel as to local law and regulatory practice.

On the basis of its analysis of the economics of the project and the regulatory environment in which the project was established, OPIC reached a preliminary determination that IAEL's claim should be denied. OPIC met with representatives of IAEL to discuss their claim in May 2004.

The parties considered all of the analyses available to them as well as the risks and uncertainties they would face if IAEL submitted its claim to arbitration. In lieu of the usual claim determination, OPIC concluded a settlement with IAEL in an agreed amount.