

Overseas
Private
Investment
Corporation

BUILDING BRIDGES
TO EMERGING MARKETS



2000 Annual Report

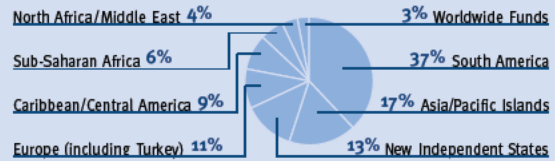
An Agency of
The United States
Government

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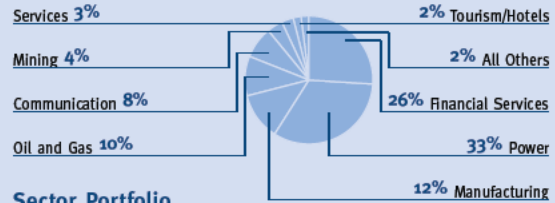
A DIVERSE AND WELL-MANAGED

Portfolio



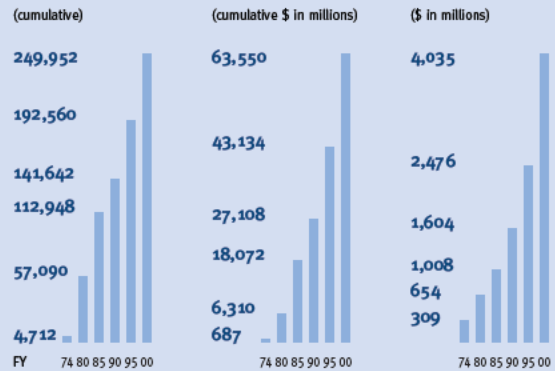
Regional Portfolio

OPIC-supported projects are located throughout the world, providing opportunities for U.S. businesses and local economic development while maintaining a prudent policy of risk diversification.



Sector Portfolio

OPIC's activities span a wide variety of industries, benefiting sectors throughout the U.S. economy.



U.S. Jobs

OPIC's support of investments in emerging markets continues to generate jobs here at home.

U.S. Exports

OPIC-supported projects create demand for U.S. goods and services, generating U.S. exports.

OPIC Reserves

OPIC continues its long standing tradition of operating on a self-sustaining basis.



The Overseas Private Investment Corporation

accomplished its ambitious goals for 2000. We used our traditional strengths—political risk insurance, long-term financing and private equity funds—to help bring economic growth to developing countries through private sector investments.

Thanks to the hard work of our employees, we are happy to report net income of \$185 million, a 25 percent increase over last year. In addition, we were able to increase our reserves to over \$4 billion.

The four CEO priorities that have guided this organization have made OPIC stronger than ever before. These are:

- ✓ Taking a leadership role in implementing U.S. foreign policy by promoting open markets and economic development in developing countries;
- ✓ Being financially prudent and maintaining our self-sustaining status while operating at no cost to the taxpayer;
- ✓ Being relevant to the American business community as it adapts to globalization, especially the small business community;
- ✓ Operating as a high performance organization with the best in people, products and systems.

We had several bold initiatives in 2000. We broke new ground by tackling a critical global

shortage of affordable housing in developing countries. OPIC matched the strengths and expertise of U.S. industry in the secondary mortgage market with the strong desire to establish similar systems in emerging markets.

Responding to the unexpected challenges of natural disasters and conflict, OPIC supported projects that helped repair and restore the infrastructure necessary for everyday life for millions of people. Supporting these projects in ravaged areas promotes stability and helps put these communities on the road to recovery.

Forty percent of our activities in 2000 involved small businesses. We are proud that this year OPIC expanded its services to U.S. franchise operations overseas. And, OPIC launched an Internet tutorial for prospective small business clients and created award-winning websites detailing our insurance and financing services.

To all our Shareholders, the OPIC Board, the Congress, the Administration, the American public and the American business community, we pledge to continue to build bridges to emerging markets that promote our values, and improve global stability and our national security while providing new opportunities for American businesses competing in the global marketplace.

George Muñoz

President & Chief Executive Officer

YEAR IN REVIEW

— “WITH THE HELP OF THE OVERSEAS PRIVATE INVESTMENT CORPORATION, AMERICA’S PRIVATE SECTOR IS BETTER ABLE TO HELP BRING ECONOMIC GROWTH AND STABILITY TO DEVELOPING COUNTRIES.” —President Clinton

— “PRIVATE INVESTMENT SUPPORTED BY OPIC DOES FAR MORE TO PROMOTE GROWTH AND TO ENSURE ECONOMIC AND POLITICAL STABILITY IN DEVELOPING COUNTRIES THAN DOES ANY AMOUNT OF WASTEFUL FOREIGN AID.” —Senator Jesse Helms, *The New York Times*

— “HISTORY WILL PROVE OPIC’S HOUSING CONFERENCE TO BE A SPRINGBOARD FOR AMERICAN ENTRY INTO A NEW MARKET THAT WOULD HAVE MYRIAD POSITIVE BENEFITS, SOCIAL AND ECONOMIC, FOR DEVELOPING COUNTRIES WHICH ARE ALSO EMERGING TRADE PARTNERS.”

—Andrew Cuomo, *HUD Secretary*

— “OPIC IS OUT AHEAD OF THE BUSINESS COMMUNITY IN RECOGNIZING THAT FRANCHISES ARE AN IDEAL VEHICLE TO HELP EMERGING MARKETS ESTABLISH WORKING FREE MARKET SYSTEMS.” —Don DeBolt, *President, Intl. Franchise Association (IFA)*, Announcement of OPIC franchising initiative

OPIC Programs

The Overseas Private Investment Corporation, a self-sustaining U.S. government agency, helps companies reach promising new investment opportunities beyond traditional borders. These investments not only help these companies grow their businesses, but also improve the lives of thousands of people in emerging markets around the world. But it's not easy. Emerging markets present unique investment risks and financing obstacles.

O PIC programs mobilize and facilitate U.S. investment in some 140 emerging and developing markets. OPIC products fill a commercial void, help America compete, and have a direct impact on regional economies across America.

OPIC's innovative programs provide political risk insurance and financing support when private sector coverage is not fully available. OPIC investment funds provide the equity needed for companies in emerging markets to generate business and economic development.

OPIC finances and insures new ventures and expansions, as well as privatization of existing enterprises, by U.S. private investors. The projects OPIC supports are financially sound, create jobs for the host country, and foster private initiative and competition. As part of its overall mission, OPIC also serves as an advocate of the U.S. business community operating overseas.

Protecting U.S. Investments

OPIC offers innovative insurance coverage and a strong claims payment record. OPIC insurance protects against the following political risks:

- *Currency Inconvertibility*—deterioration of the ability to convert profits, debt service, and other remittances from local currency into U.S. dollars and to transfer those dollars out of the host country.
- *Expropriation*—expropriation, nationalization, or confiscation of an enterprise, including “creeping expropriation” due to government actions.
- *Political Violence*—loss of assets or income due to war, revolution, insurrection, or politically motivated civil strife, terrorism, or sabotage.

OPIC does not guarantee that investors will earn a profit.

OPIC can insure up to \$200 million per project, with coverage available for equity investments, parent company and third-party loans and loan guarantees, technical assistance agreements, cross-border leases, capital markets transactions, contractors' and exporters' exposures, and other forms of investment. OPIC offers special insurance programs for small businesses, infrastructure development, financial institutions, natural resources, and oil and gas projects.

Financing U.S. Investments

Offering loan terms of up to 15 years and a range of flexible financing structures and security pack-

ages, OPIC can help U.S. companies secure timely and appropriate financing for international projects.

OPIC can lend as little as \$250,000 or as much as \$200 million per project on either a project finance or corporate finance basis in countries where commercial financial institutions are reluctant or unable to lend on such a basis. Project finance seeks repayment from the revenues generated by the project itself, rather than relying on sovereign or sponsor guarantees. Corporate finance looks to the credit of an existing corporate entity other than the project company to support debt repayment. OPIC provides financing through medium- to long-term loans to ventures involving significant equity or management participation by U.S. businesses.

Leveraging Private Equity

To address a lack of sufficient capital for equity investment in targeted regions or sectors in emerging markets, OPIC has made long-term loans to privately managed private equity investment funds. By providing access to long-term growth capital, management expertise, and new technologies, these direct investment funds act as a catalyst for private sector activity fundamental to the development of market economies. Investments by these funds also assist U.S. businesses of all sizes in developing new markets and opportunities overseas. OPIC funds have attracted major private

sources of equity, including pension funds and other institutional investors. OPIC currently supports some 25 funds operating in every region of the globe. Operating worldwide, sector-specific funds concentrate on environmental projects, on water, and on investments involving U.S. small businesses. OPIC-supported funds have helped bring economic stability and prosperity to people in more than 40 countries.

Meeting Important Standards

OPIC-supported investments range from small manufacturing ventures to large-scale housing and power generation projects. No matter what the investment, all projects must meet world-class standards. All OPIC projects support the U.S. economy, raise the standard of living in developing countries and emerging markets, protect the rights of workers, and safeguard the environment. OPIC expects projects to meet host country environmental, health, and safety standards or standards adopted by international organizations such as the World Bank and the International Labor Organization—whichever are more stringent. OPIC carefully monitors the projects in its portfolio to ensure ongoing investor compliance with OPIC standards.

For program information, call the OPIC InfoLine at (202) 336-8799 or visit OPIC's Web site at www.opic.gov.

Engineering National Recoveries

When disaster strikes, OPIC-supported projects often provide the first steps toward a nation's recovery. By acting quickly in the aftermath of a flood, earthquake, storm or war, OPIC makes a difference to millions of people around the world.

O PIC projects in 2000 promoted and enabled economic rehabilitation in some of the world's most ravaged regions.

- Countries throughout Central America are still recovering from the effects of Hurricane Mitch. Helping to hasten recovery in Guatemala is a \$50 million OPIC loan guaranty to Puerto Quetzal Power (PQP) LLC on a project that adds 124 MW of new power generating capacity to an existing 110 MW plant. Partially owned by CDC Holdings (Barbados) Limited, Centrans Energy Services, Inc. of Guatemala and Houston-based Enron Corp., the PQP expanded facility will supply about 20 percent of Guatemala's electric power, while spending more than \$11 million locally and creating 101 new jobs in just the first five years. In the U.S., the project is generating more than \$27 million in procurement and creating approximately 87 jobs, several at the Oregon shipyard where a new power barge was built.

- Economic progress continues on track in the Dominican Republic, where OPIC provided \$25 million in insurance for the AES Corporation of Arlington, Virginia to construct a dual fuel power

generation plant and liquid natural gas regasification facility collocated with a liquefied natural gas import and regasification facility.

- Availability of consumer goods is a key component in any sustained rebuilding effort.

That's one reason OPIC committed a \$10 million loan to the PriceSmart company, which has already opened 17 of its planned 32 membership-shopping warehouse stores throughout Central America and the Caribbean.

- Bulgaria may not have been directly affected by the fighting in Kosovo, but the conflict's indirect impact on the nation's economy has been real and detrimental. Fearing instability in neighboring countries, some foreign investors abandoned Bulgaria's solid investment climate. OPIC has helped reverse that trend. OPIC's commitment to provide political risk insurance of \$100 million gives Entergy Wholesale Operations of Houston, and its lenders, the security to continue the modernization of the existing 840 MW coal-fired Maritza East III power plant project. This joint venture between Entergy and the state-owned Bulgarian National Electric Company will reduce sulfur dioxide and carbon dioxide emissions into the environment, generate power critical for local development, and result in purchases of several million dollars in U.S. goods and services.



In Central America and the Caribbean, OPIC has already connected some 1,200 potential investors with tremendous rebuilding opportunities following disastrous floods and hurricanes. Meanwhile, in support of the Administration's Southeastern Europe Initiative, OPIC engineered the flow of urgently needed private investment dollars through its new Southeast Europe Equity Fund and through a new regional office based in Zagreb, Croatia.

Planning for Growth

Reliable power. Safe drinking water. Affordable shelter. Accommodations for international business travelers. Infrastructure basics such as these create the foundation on which emerging economies can grow.

In 2000, OPIC continued to forge groundbreaking opportunities for direct private sector investments in emerging overseas markets.

OPIC committed \$300 million in loans to a trio of urgently needed power plants being built in Turkey. Sponsored by InterGen, owned by Bechtel Enterprises Holdings, Inc., Royal/Dutch Shell and ENKA, a leading Turkish construction company, the Adapazari, Gebze and Izmir gas-fired combined-cycle generating stations will produce 3,854 MW of low-cost, energy efficient and environmentally clean electrical power, meeting 27 percent of Turkey's annual energy demand. These natural gas-fired plants are expected to purchase more than \$100 million in local goods and services, and generate nearly \$1 billion in purchases and create or support over 2,500 jobs in the U.S.

A different type of power is wielded by the decision makers whose business brings them to the centers of emerging markets. Because business accommodations are part of the business infrastructure, OPIC is involved in quality hotel projects around the world. In conjunction with financing from the International Finance Corporation, OPIC will provide \$26.5 million in financing for the development, construction and

operation of the 250-room Ritz Carlton at Spier hotel in Stellenbosh, near Cape Town, South Africa. In addition to providing 433 permanent jobs, the hotel will facilitate new foreign investment and result in an estimated \$110 million in local purchases.

To help solve the housing shortage in Nicaragua caused by limited bank capital, OPIC is providing a direct loan of up to \$30 million for a special purpose company to purchase residential mortgage loans originated by Bancentro. This will give Bancentro—whose majority owner is the project's U.S. sponsor, Roberto Zamora of Latin American Financial Services Corp. (LAFISE)—the necessary liquidity to create mortgage loans for the 1,000 to 2,000 new middle-income homes that will be built in the Managua area as a revitalized mortgage market gives banks the confidence to issue new home construction loans.

As part of its effort to support water projects worldwide, OPIC has authorized a loan commitment of \$53.4 million to the Desalination Company of Trinidad and Tobago, Ltd., sponsored by Ionics, Incorporated of Watertown, Massachusetts. The 24 million gallons per day reverse osmosis seawater desalination plant will serve the Point Lisas Industrial Estate—a substantial source of Trinidad's foreign exchange earnings and economic diversification—freeing up water resources for residential customers and helping to reduce water rationing in South and Central Trinidad.



In Central America, OPIC financed \$30 million in mortgages to help close the housing gap. In Turkey, \$300 million in creative financing is funding far-reaching power plant construction programs. In Trinidad and Tobago, a \$53 million investment will help to make water rationing a thing of the past. And in Panama, the Republic of Georgia, Turkey and South Africa, more than \$100 million in loans and guaranties will lead to the opening of world-class hotels for business travelers.

Paving the Way for Small Business

If U.S. small business were an economy of its own, it would be the fourth largest in the world. But even though small businesses constitute 98 percent of all U.S. enterprises and employ almost 60 percent of the workforce, they typically lack the resources to pursue international opportunities.

■ An \$8 million loan to OPV Vietnam, Ltd., will enable construction of a 180,000 square foot pharmaceutical manufacturing facility. Founded by the Nguyen Cao Thang family during the 1950s, OPV was the most successful pharmaceutical company in Vietnam until it was nationalized in 1975. The owners resettled in the U.S. as refugees. Beginning in 1993, Mrs. Nguyen Cao Thang and her sister Mrs. Truong Bich-Diep returned to Vietnam to rebuild the company's distribution and marketing operations. OPIC financing will support the return of OPV as a manufacturer. When complete, the OPV factory and its 280 employees will provide Vietnam with high quality pharmaceuticals, IV solutions and nutritional supplements manufactured to international "good manufacturing practice" standards.

■ A \$1 million OPIC loan to the People's Investment Fund for Africa, sponsored by the Arizona-based International Foundation for Education and Self-Help, will support grassroots economic development in Ghana by closing the gap between demand and supply of micro loans and credits for businesses in small towns and rural communities.

■ Up to 600 children of expatriates living in Turkey will benefit from a new, larger and more modern Istanbul International Community School

(IICS) thanks to OPIC's first ever school financing project. A \$7 million OPIC loan to IICS, a U.S. non-profit small business, provided nearly half the construction cost of the new 100,000 square meter home of an institution which has been in continuous operation since 1911. IICS is one of fewer than 20 schools worldwide authorized to offer all three programs of the International Baccalaureate Organization and the only international school in Istanbul accredited by the European Council of International Schools.

■ Even before it ever invested overseas, Ohio-based Ganzcorp Investments Inc., doing business as Mustang Dynamometer, was a worldwide supplier of vehicle emissions and inspecting equipment, including dynamometers, remote sensing devices and inspection/maintenance lanes. Now the U.S. small business is actively involved in various international programs and proposals to privatize, modernize and operate vehicle safety and emission inspection programs. OPIC insurance of \$765,000 aided the company during its negotiations with a developing country for the proposed modernization of that country's inspection system with automated vehicle inspection systems linked via a LAN/WAN network to provide a tightly integrated and highly efficient vehicle inspection program.

■ OPIC is helping to insure bright smiles throughout southern Africa with a commitment for political risk coverage that enabled Houston-based K&S International to invest with Sheffield Laboratories in forming Merodent Zimbabwe, a manufacturer of toothpaste and other over-the-counter ointments.



It's unusual to find small businesses in the fast lane to international markets. Thanks to the OPIC small business center, that sight is becoming more common. In fact, in 2000, more than half of OPIC's financed projects were sponsored by U.S. small businesses. Clients of the small business center enjoy a streamlined loan process, smaller minimum loan size, interactive online training and a support hotline available only to them.

Wiring Global Commerce

New challenges call for new solutions. OPIC is continually rethinking traditional financial approaches and designing new products and services to connect U.S. companies with evolving opportunities in promising global markets.

In 2000, OPIC initiated a program to provide long-term financing to overseas franchisees of U.S. franchisers, expanded the use of a new political risk insurance product for capital markets transactions and supported investment in one of the largest credit card issuers in Asia.

Under the sponsorship of Rick Anderson at Franchise Finance, an Arkansas-based originator of loans and leases in the franchising industry, digital printer Global Design, S.A., received a \$115,200 OPIC loan to design, build, equip and open a Mail Boxes Etc. retail center in Panama City's financial district. Providing mail, printing, communications, and daily delivery from Miami, the store will support 11 permanent jobs and generate \$70,000 in annual tax revenue for the Government of Panama.

OPIC's recently launched political risk insurance product for capital markets transactions is already helping to upgrade project credit ratings and reduce financing costs for projects and companies in emerging markets. OPIC can provide up to \$200 million in coverage for a single transaction, protecting bondholders against losses due to the inconvertibility of local currency

to U.S. dollars and the inability to transfer U.S. dollars out of the country. The first project to benefit from the new coverage in Latin America was the \$175 million bond issuance in U.S. capital markets by the Argentine natural gas transportation company Transportadora de Gas del Norte (TGN). With OPIC's political risk insurance, the transaction achieved an investment grade rating from Fitch IBCA and Standard & Poor's. Merrill Lynch successfully underwrote this debt transaction with U.S. institutional investors. TGN will use the bond proceeds to expand its pipeline system to bring clean natural gas to many more businesses and households.

As Asian markets continued to recover from the Asian economic crisis, an OPIC-supported fund stepped forward with a \$24.4 million direct investment in Korea Exchange Bank Credit Services. With new capital from OPIC's Asia Development Partners Fund and management expertise introduced by the Fund's manager, one of Korea's largest credit card issuers is well positioned to serve the needs of its more than 1.5 million active cardholders.



In just the first year of a new initiative, OPIC has already made long-term loans to enable U.S. franchises to take root in countries that have traditionally lacked the capital to make their stores work. The bond market has reacted favorably to OPIC's new political risk insurance product for capital markets transactions, opening gates to financing options that were previously closed to projects and companies in emerging economies.

Connecting People to Their World

People and businesses around the world are seeking new and better ways to work, learn and stay connected by acquiring innovative information, Internet and telecommunications technologies developed in the U.S. or by working in partnership with U.S. companies.

Because most commercial lenders are often unable to offer financing to provide emerging markets access to essential technologies, OPIC in 2000 continued to take the lead in keeping these markets and U.S. participants connected to each other.

Wavelink Systems, Inc. of Dallas, Texas, is an engineering and consulting firm, software developer and value-added reseller that helps network operators, equipment manufacturers and governments establish, optimize and expand wireless telecommunications services. In 2000, the company received an OPIC corporate finance loan of \$1.04 million to fund its growth in Latin America, where wireless systems hold the promise of making telecommunications commonplace in countries where as much as 90 percent of the population doesn't have a phone.

Applying through OPIC's Quick Cover program, Citibank, N.A., obtained expedited approval of \$50 million of insurance for a syndicated loan to Celular CRT, S.A. of Brazil to expand and upgrade its cellular telecommunications system in the southern Brazil state of Rio Grande do Sul.

Recognizing software development as both a bridge to the future and a vehicle for improved foreign exchange, India has posted 40 percent real growth in this sector since 1996. The successful development of India's software industry was built partly on capital provided by Draper International India, L.P., a fund that invests in that nation's high technology start-ups. The fund, capitalized in 1994 at \$55 million with loan guaranty support from OPIC, has been an unqualified success. Besides opening India to U.S. technologies and the world to Indian companies, the fund has fully repaid the principal of OPIC's loan and is providing extraordinary returns to its investors.

With funding from a \$632,800 OPIC loan, Texas-based Abamedia L.P. is creating a Web-accessible electronic catalog that will feature more than 38,000 finished films stored on over 200,000 reels in the Russian State Archives of Film and Photo Documents in Krasnogorsk. The project also includes the marketing, licensing and distribution of the 74-year-old Archives' documentary materials on the history of Russia and the former Soviet Union. Archives supplied by Abamedia helped create the 2000 International Documentary Association award-winning PBS television series, "Red Files."



Besides supporting the use of technology in emerging markets, OPIC is applying technology to provide its clients better service. OPIC's Investor's Information Gateway at www.opic.gov gives visitors mouse-click access to a wealth of information on the countries where OPIC can do business. A pilot Internet project is creating a "virtual deal site," linking parties together to complete OPIC business transactions on-line.

Cause for Celebration

2000 Investment Projects

COMPANY ^{1,2}	PROJECT DESCRIPTION	SUPPORT	
		AMOUNT ³	TYPE
AFRICA AND THE MIDDLE EAST			
Algeria			
Petrofac Resources (Ohanet) LLC	Gas field development and production	\$93,000,000	Insurance
Angola			
Perini International Corp. (Sociedade Nacional de Combustiveis de Angola)	Fuel storage, piping and filling facilities	\$5,315,391	Insurance
Equatorial Guinea			
CMS Gas Transmission Company (Atlantic Methanol Production Company LLC)	Methanol plant	\$173,000,000	Finance
Ethiopia			
Norwest Mine Services, Inc. (Coal Phosphate Fertilizer Complex Project)	Feasibility study	\$7,200	Insurance
Ghana			
International Foundation for Education & Self-Help (Peoples Investment Fund for Africa (PIFA))	Microlending facility for small businesses	\$1,000,000	Finance
South Africa			
Ritz-Carlton Hotel Company, LLC (Ritz-Carlton at Spier)	Hotel	\$26,500,000	Finance
Zimbabwe			
K & S International, Inc./Sheffield Laboratories, a Division of Faria, Ltd. (Merodent Zimbabwe (Pvt.) Ltd.)	Toothpaste manufacturing facility	\$1,000,000	Insurance
ASIA AND THE PACIFIC			
Papua New Guinea			
P.I.E. Group, LLC (E.P. InterOil, Ltd.)	Crude oil refinery	\$85,000,000	Finance
Philippines			
Edison Mission Energy (CBK Power Company Limited)	Gas-fired power generation	\$75,000,000	Insurance
Vietnam			
OPV International, Inc. (OPV Vietnam Ltd.)	Pharmaceutical manufacturing facility	\$8,000,000	Finance

¹ This list shows all new, expansion or modernization projects OPIC committed to insure and/or finance in fiscal year 2000.

² Companies listed are the U.S. project sponsors. With the exception of certain projects, including but not limited to capital markets, bid bond projects, or oil and gas projects, the name of the project appears in parentheses immediately following the U.S. project sponsor(s).

³ For insurance, this figure is the highest maximum insured amount. For finance, this figure is the dollar amount committed.



Delivered at no net cost to U.S. taxpayers,

OPIC products and services help American businesses of all sizes pursue investment projects in developing countries around the world.

COMPANY ^{1 2}	PROJECT DESCRIPTION	SUPPORT AMOUNT ³	TYPE
EUROPE AND THE NEW INDEPENDENT STATES			
Bulgaria			
Entergy Corporation (Maritza East III Power Company AD)	Modernization of existing power plant	\$100,000,000	Insurance
Europe Regional			
Southeast Europe Equity Fund, LTD	Investment fund	\$100,000,000	Finance
Georgia			
Nevis Corporation (Joint Stock Company Hotel Tbilisi)	Hotel and mixed-use building	\$26,000,000	Finance
Hungary			
Rami Zohar (Wendy's Hungary)	Franchise of fast food restaurant	\$900,000	Finance
Russia			
Abamedia, L.P. (Abamedia, L.P.)	Electronic catalog/ website for motion pictures	\$632,800	Finance
MTV Russia Holdings Inc. (Wayfarer Media Limited)	Television broadcasting	\$50,000,000	Insurance
Turkey			
InterGen (Adapazari Elektrik Uretim Ltd. Sirketi)	Gas-fired power generation	\$76,000,000	Finance
InterGen (Gebze Elektrik Uretim Ltd. Sirketi)	Gas-fired power generation	\$123,000,000	Finance
InterGen (Izmir Elektrik Uretim Ltd. Sirketi)	Gas-fired power generation	\$101,000,000	Finance
Istanbul International Community School (Istanbul International Community School, Inc.)	School	\$7,000,000	Finance
Ritz-Carlton (RC) Hotel Company, LLC (Guarantor) (Dolmabahce Turizm A.S. (Ritz-Carlton Hotel))	Hotel	\$50,000,000	Finance
THE AMERICAS			
Argentina			
BankBoston, N.A. (Argentine Branch of BankBoston, N.A.)	General branch banking	\$47,000,000	Insurance
BankBoston, N.A. (Sociedad de Inversiones Inmobiliarias del Puerto S.A.)	Office building	\$23,300,000	Insurance
Citibank, N.A. (Empresa Distribuidora y Comercializadora Norte, S.A.)	Power generation	\$140,000,000	Insurance
Brazil			
Bank of America, N.A. (BCP S.A.)	Cellular telecommunications services	\$200,000,000	Insurance

COMPANY ^{1 2}	PROJECT DESCRIPTION	SUPPORT AMOUNT ³	TYPE
Citibank, N.A. (Celular CRT, S.A.)	Cellular telecommunications services	\$50,000,000	Insurance
Citibank, N.A. (Empresa Brasileira de Telecomunicacoes S.A.)	Cellular telecommunications services	\$100,000,000	Insurance
Hyatt International Corp. (Morumby Hoteis Ltda.)	Hotel	\$61,000,000	Finance
Union Oil Company of California (Pescada-Arabaiana)	Offshore oil and gas field development	\$100,000,000	Insurance
Central America			
Ganzcorp Investments Inc.	Vehicle emission & safety testing facilities	\$765,000	Insurance
Costa Rica			
Ervin F. Portman (Weststar Medical Company/ Estrella de Precision Tecnologica S.A.)	Medical device manufacturing and distribution facility	\$360,000	Finance
Dominican Rep.			
AES Corp (AES Andres, B.V.)	Gas-fired power generation	\$25,000,000	Insurance
Guatemala			
Enron Corporation (Puerto Quetzal Power LLC)	Gas-fired power generation	\$50,000,000	Finance
Jamaica			
Citibank, N.A. (Cable & Wireless Jamaica Limited)	Cellular telecommunications services	\$40,000,000	Insurance
Latin America Regional			
PriceSmart, Inc. (PriceSmart, Inc.)	Warehouse retail merchandising	\$10,000,000	Finance
Wavelink Systems, Inc. (Wavelink Systems, Inc.)	Wireless telecom services	\$1,040,000	Finance
Nicaragua			
Roberto Zamora (Latin American Financial Services Corp. (LAFISE))	Mortgage banking	\$30,000,000	Finance
Panama			
Rick Anderson (Global Design, S.A.)	Franchise of Mail Boxes Etc.	\$115,200	Finance
Trinidad & Tobago			
Ionics, Incorporated (Desalination Company of Trinidad & Tobago)	Desalination facility	\$53,400,000	Finance
Venezuela			
Caterpillar Financial Services Corp (Consolidada de Ferrys C.A.)	Passenger ferry	\$47,000,000	Insurance

2000 Investment Funds' Projects

0 PIC-supported privately managed private equity investment funds provide long-term growth capital, management expertise, and new technologies, while supporting adoption of international standards of reporting, transparency and adherence to environmental and worker rights standards all to promote private sector growth, fundamental to the development of emerging market economies. OPIC supported funds operate in every region of the world. Current OPIC supported funds include:¹

Africa Growth Fund	India Private Equity Fund
Agribusiness Partners International	InterArab Investment Fund
AIG Brunswick Millennium Fund	Israel Growth Fund
Allied Small Business Fund	Modern Africa Growth and Investment Fund
Aqua International Partners	Newbridge Andean Partners, L.P.
Asia Development Partners, L.P.	New Century Capital Partners, L.P.
Asia Pacific Growth Fund	Poland Partners, L.P.
Bancroft Eastern Europe Fund	Russia Partners
Caucasus Fund	South America Private Equity Growth Fund
Draper International India	Southeast Europe Equity Fund
Emerging Europe Fund	West Bank/Gaza & Jordan Fund
Global Environment Emerging Markets Fund	ZM Africa Investment Fund
Global Environment Emerging Markets Fund, II	

¹ This list does not include two OPIC funds that have completed operations.

*Information has temporarily been redacted, including to protect the safety of implementing partners.

In 2000, OPIC-supported funds invested \$318 million in 154 projects around the globe (with an average investment of \$2.1 million per project). Highlights from these projects are:²

PORTFOLIO COMPANY	COUNTRY	DESCRIPTION
AFRICA AND THE MIDDLE EAST		
Comstar Cellular Cote d'Ivoire, S.A.	Cote D'Ivoire	Telecommunications
Warsun International Communications Corporation	Africa regional	Telecommunications
Communications Networks of Africa, Ghana Limited	Ghana	Telecommunications
Compugen	Israel	Bio-informatics & genomics computing
Foxcom Wireless	Israel	In-building wireless coverage solution
Emation	Israel	Nonferrous wiredrawing & insulating
Liquid Africa	Africa regional	Security brokers and dealers
IPBI Water Limited Liability Company	Uganda	Bottled soft drinks
ASIA AND THE PACIFIC		
HDFC Bank	India	Commercial Banks
LexSite.com Ltd.	India	Online legal information, resources, & services website
Rediff.com	India	Internet portal
KEBCS Joint Venture	Korea (South)	Credit card services
Modern Asia Environmental	Thailand & Indonesia	Waste management services
THE AMERICAS		
Companhia de Gas de Sao Paulo	Brazil	Natural gas distribution
Renewable Resources Ibener	Chile	Electric services
Carulla Vivero S.A.	Colombia	Multi-format retailer
Veninfo Tel LLC	Venezuela	Voice, data, & video broadband communications
NEW INDEPENDENT STATES AND EUROPE		
Nisla Sia (Latvia Real Estate Development)	Latvia	Nonresidential building operators
Sidrabe	Latvia	Electrical equipment & supplies
ROMGSM	Romania	Telecommunications
RDT Holdings SA	Romania	Telecommunications
[REDACTED]	[REDACTED]	[REDACTED] *
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

² These projects are a sampling of projects in which OPIC-supported investment funds invested during fiscal year 2000.

OPIC Countries and Areas

OPIC programs encourage U.S. private investment in some 140 countries and areas around the world, contributing to economic growth at home and abroad.

O PIC programs are generally available in the approximately 140 countries and areas listed below. From time to time, statutory and policy constraints may limit the availability of OPIC programs in certain countries, or countries where programs were previously unavailable may become eligible. Investors are urged to contact OPIC directly for up-to-date information on the availability of OPIC services in specific countries, as well as information on program availability in countries not listed.



AFRICA AND THE MIDDLE EAST

Algeria	Lesotho
Angola	Madagascar
Bahrain	Malawi
Benin	Mali
Botswana	Mauritania
Burkina Faso	Mauritius
Cameroon	Morocco
Cape Verde	Mozambique
Central African Republic	Namibia
Chad	Niger
Congo	Nigeria
Congo, Democratic Republic of	Oman
Djibouti	Rwanda
Egypt	São Tomé & Príncipe
Equatorial Guinea	Senegal
Eritrea	Sierra Leone
Ethiopia	Somalia
Gabon	South Africa
Ghana	Swaziland
Guinea	Tanzania
Israel	Togo
Jordan	Tunisia
Kenya	Uganda
Kuwait	West Bank & Gaza
Lebanon	Yemen
	Zambia
	Zimbabwe

THE AMERICAS

Anguilla	Guatemala
Antigua & Barbuda	Guyana
Argentina	Haiti
Aruba	Honduras
Bahamas	Jamaica
Barbados	Netherlands Antilles
Belize	Nicaragua
Bolivia	Panama
Brazil	Paraguay
Chile	Peru
Colombia	St. Kitts & Nevis
Costa Rica	St. Lucia
Dominica	St. Vincent & The Grenadines
Dominican Republic	
Ecuador	Suriname
El Salvador	Turks & Caicos
French Guiana	Trinidad & Tobago
Grenada	Uruguay
	Venezuela

ASIA AND THE PACIFIC

Bangladesh	Mongolia
Cambodia	Nepal
Cook Islands	Pakistan
Fiji	Papua New Guinea
India	Philippines
Indonesia	Singapore
Kiribati	Sri Lanka
Korea	Taiwan
Laos	Thailand
Malaysia	Tonga
Marshall Islands	Vietnam
Micronesia, Federated States of	Western Samoa

EUROPE AND THE NEW INDEPENDENT STATES

Albania	Montenegro
Armenia	Northern Ireland
Azerbaijan	Poland
Bosnia & Herzegovina	Portugal
Bulgaria	Romania
Croatia	Russia
Cyprus	Slovakia
Czech Republic	Slovenia
Estonia	Tajikistan
Georgia	Turkey
Greece	Turkmenistan
Hungary	Ukraine
Ireland	Uzbekistan
Kazakhstan	
Kyrgyzstan	
Latvia	
Lithuania	
Macedonia, Former Yugoslav Republic of	
Malta	
Moldova	

OPIC Clients

OPIC's clients come from across the United States and represent large and small companies from virtually every industrial sector.

Below is a representative list of these companies.

A.K. Development, L.L.C.
Cambridge, MA

Abamedia
Fort Worth, TX

Abbott Laboratories
Abbott Park, IL

ACON Partners
Washington, DC

AES Corporation
Arlington, VA

Africa Growth Fund, L.P.
Glastonbury, CT

Agro Management
Group Inc.
Colorado Springs, CO

Aguaytia Energy, L.L.C.
Dallas, TX

AIG Millennium G.P.,
L.L.C.
New York, NY

Align Technology, Inc.
Sunnyvale, CA

Allied Capital Corporation
Washington, DC

American First
Companies
Omaha, NE

American Manufacturing
& Trading, Inc.
Santa Fe Springs, CA

Anderman/Smith
Overseas, Inc.
Denver, CO

Andrew Corporation
Orland Park, IL

Anheuser-Busch
International, Inc.
St. Louis, MO

Aqua Advisors, Inc.
Fort Worth, TX

Avalon International, LC
Tulsa, OK

Ball Corporation
Broomfield, CO

Bank of America
Corporation
Charlotte, NC

Bechtel Enterprises
Holdings, Inc.
San Francisco, CA

Belfinace
Haussmann, LLC
New York, NY

C & W Trading, Inc.
Westport, CT

Cabot Corporation
Boston, MA

Camas International
Pocatello, ID

Capital Investment
Management
Corporation
McLean, VA

Caterpillar Inc.
Peoria, IL

Chance Industries, Inc.
Wichita, KS

Chaparral Resources, Inc.
Houston, TX

Citibank, N.A.
Miami, FL

Citibank, N.A.
New York, NY

CMS Energy Corporation
Dearborn, MI

CMS Nomeco Oil and
Gas Co
Houston, TX

Colite International, Ltd.
West Columbia, SC

Commonwealth
Property Investors
Boston, MA

Conoco Inc.
Houston, TX

Conrad International
Investment
Corporation
Beverly Hills, CA

ContiGroup
Companies, Inc.
New York, NY

Counterpart
International, Inc.
Washington, DC

Crown Cork and
Seal Company, Inc.
Philadelphia, PA

D & D Products, Inc.
(Aquarius Systems
Division)
North Prairie, WI

Dillingham Construction
Corporation
Pleasanton, CA

Dodson-Lindblom
International, Inc.
Columbus, OH

Draper International
San Francisco, CA

Dresser Industries Inc
Dallas, TX

Edison Mission Energy
Irvine, CA

El Camino Resources
International, Inc.
Long Island City, NY

El Paso Energy
International Company
Houston, TX

Ellicott Machine
International
Corporation
Baltimore, MD

Energia Global
International, Ltd.
Hamilton, MA

Energy Initiatives, Inc.
Woodstown, NJ

Energy Investors
Funds II, L.P.
Boston, MA

Enron Corp.
Houston, TX

Entergy Wholesale
Operations of Houston
Houston, TX

Equator Holdings, Ltd.
Hartford, CT

Euro Enterprises, L.L.C.
Los Angeles, CA

Ferro Corporation
Cleveland, OH

First Republic
Corporation of America
New York, NY

FleetBoston Financial
Corporation
Boston, MA

FMC Corporation
Chicago, IL

Foster Wheeler
Corporation
Clinton, NJ

Fresh Start Bakeries, Inc.
Brea, CA

Fusion Enterprises, Inc.
Waterbury, CT

G. D. Searle & Co.
Skokie, IL

Ganzcorp
Investments Inc.
Twinsburg, OH

GEF Management Corp.
Washington, DC

General Dynamics
Corporation
Falls Church, VA

General Electric Capital
Services, Inc.
Stamford, CT

General Electric Company
Fairfield, CT

General Motors
Corporation
Detroit, MI

Global Design
Little Rock, AR

Global Forestry
Management
Group, LLC
Portland, OR

Golden Managers
Acceptance
Corporation
Houston, TX

Hambrecht & Quist Asia
Pacific, Inc.
San Francisco, CA

Host Marriott Corporation
Bethesda, MD

Hyatt International
Corporation
Chicago, IL

Ingersoll-Rand
Corporation
Woodcliff Lake, NJ

InterArab
Management, L.L.C.
Palo Alto, CA

Intergen Energy, Inc.
Boston, MA

International Foundation
for Education &
Self-Help
Phoenix, AZ

International Scientific
Products Corporation
Irvington, NY

Ionics, Incorporated
Watertown, MA

IRCI Corporation
Wilmington, DE

Istanbul International
Community School
Istanbul, Turkey

J. M. Huber Corporation
Edison, NJ

K & M Engineering
Consulting Corporation
Washington, DC

K & S International Inc.
Passaic, NJ

Kerr-Mcgee Chemical
Corporation
Oklahoma City, OK

Kiewit Energy Company
Omaha, NE

Kimberly-Clark
Corporation
Dallas, TX

KMR Power Corporation
Arlington, VA

Landon Butler &
Company
Washington, DC

Levon Travel Bureau Inc.
Glendale, CA

Los Amigos Leasing
Company, Ltd.
Hamilton, MA

Magma Power Company
San Diego, CA

Marriott
International, Inc.
Bethesda, MD

Mars Incorporated
McLean, VA

McDonald's Corporation
Oak Brook, IL

MidAmerican Energy
Holdings Company
Omaha, NE

Modern Africa Fund
Management
Washington, DC

Morgan Stanley
Group, Inc.
New York, NY

Motorola, Inc
Schaumburg, IL

MTV Russia Holdings Inc.
New York, NY

N C International
Company
Seattle, WA

Nabors Drilling
International Limited
Houston, TX

NCH Advisors Inc
New York, NY

Nevis Corporation
Seattle, WA

New York Life
Insurance Company
New York, NY

Newmont Gold Company
Denver, CO

Norwest Mine
Services Inc.
Salt Lake City, UT

NRGenerating
International, B.V.
Minneapolis, MN

Nuevo Energy Company
Houston, TX

Ogden Energy Group Inc.
Fairfield, NJ

OPV Vietnam, Ltd.
Chestnut Hill, MA

P.I.E. Group LLC
The Woodlands, TX

Padco, Inc.
Washington, DC

Pan-American Life
Insurance Company
New Orleans, LA

Perini International
Corporation
Farmingham, MA

Petrofac LLC
Tyler, TX

Phelps Dodge Corporation
Phoenix, AZ

Pioneer Leathertouch Inc
Conshohocken, PA

Pride Petroleum
Services, Inc.
Houston, TX

PSEG Americas
Coral Gables, FL

Rami Zohar
Budapest, Hungary

Raytheon Infrastructure
Services, Inc.
New York, NY

Reliant Energy, Inc.
Houston, TX

Reynolds
International L.P.
Richmond, VA

Rose Hall Resort, LP
Wilmington, DE

Russian Dairy Farms Inc.
Minneapolis, MN

Samson
International, Ltd.
Tulsa, OK

Science Applications
International
Corporation
San Diego, CA

Seaboard Corporation
Shawnee Mission, KS

Sector Capital Corp
Las Vegas, NV

Sector Resources Ltd.
Bedford, NH

Siguler Guff &
Company, L.L.C.
New York, NY

Soros Private Funds
Management, LLC
New York, NY

T C W Asset
Management Company
Houston, TX

Tea Importers, Inc.
Westport, CT

Teachers Insurance &
Annuity Association of
America
New York, NY

TECO Energy, Inc.
Tampa, FL

Templeton Direct
Advisors
Greenwich, CT

Termovalle Investment
Company, L.L.C.
Arlington, VA

Texaco Inc.
White Plains, NY

The Chase Manhattan
Corporation
New York, NY

The Coastal Corporation
Houston, TX

The Coca-Cola Company
Atlanta, GA

The Pioneer Group Inc.
Boston, MA

The Williams Companies
Tulsa, OK

TK Tel, Ltd.
New York, NY

Union Carbide
Corporation
Danbury, CT

Union Oil Company of
California
Houston, TX

United States Filter
Corporation
Palm Desert, CA

Universal Foods
Corporation
Milwaukee, WI

Verizon Communications
Irving, TX

V-TRAC Holdings Ltd.
New York, NY

Warner-Lambert
Company
Morris Plains, NJ

Wavelink Systems, Inc.
Dallas, TX

Western Resources
The Woodlands, TX

Weststar Medical
Company
Holly Springs, NC

Wisconsin Central
International, Inc.
Rosemont, IL

WRB Enterprises Inc
Tampa, FL

REPORT OF INDEPENDENT ACCOUNTANTS

**To the Board of Directors
Overseas Private Investment Corporation**

■ We have audited the accompanying balance sheets of the Overseas Private Investment Corporation (OPIC) as of September 30, 2000 and 1999, and the related statements of income, capital and retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of OPIC's management. Our responsibility is to express an opinion on these financial statements based on our audits.

■ We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

■ In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OPIC at September 30, 2000 and 1999, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

■ In accordance with *Government Auditing Standards*, we have also issued a report dated December 6, 2000 on our consideration of OPIC's internal control over financial reporting and a report dated December 6, 2000 on its compliance with laws and regulations. These reports are an integral part of an audit conducted in accordance with *Government Auditing Standards*, and, in considering the results of the audit, should be read along with the Auditor's report on the financial statements.

PricewaterhouseCoopers LLP

Arlington, Virginia

December 6, 2000

BALANCE SHEET

Overseas Private Investment Corporation

At September 30 (\$ in thousands)

	2000	1999
ASSETS		
Cash and investments:		
Cash (Note 4)	\$ 594,544	\$ 627,626
U.S. Treasury securities, at amortized cost plus accrued interest (Notes 2 and 7)	3,302,888	3,271,184
	3,897,432	3,898,810
Direct loans outstanding of \$52,987 and \$66,144 less allowance for uncollectible loans of \$9,202 and \$16,953 in FY 2000 and FY 1999 (Notes 2 and 10)	43,785	49,191
Accounts receivable resulting from investment guaranties of \$57,366 and \$31,613 less allowance for doubtful recoveries of \$26,935 and \$12,496 in FY 2000 and FY 1999 (Notes 2 and 11)	30,431	19,117
Assets acquired in insurance claims settlements of \$246,014 and \$32,990 less allowance for doubtful recoveries of \$102,284 and \$20,106 in FY 2000 and FY 1999 (Notes 2 and 11)	143,730	12,884
Accrued interest and fees	15,073	13,813
Accounts receivable	122	936
Furniture, equipment and leasehold improvements at cost less accumulated depreciation and amortization of \$8,257 in FY 2000 and \$8,441 in FY 1999 (Notes 2, 15, and 20)	10,516	17,014
TOTAL ASSETS	\$ 4,141,089	\$ 4,011,765
LIABILITIES, CAPITAL AND RETAINED EARNINGS		
Liabilities:		
Reserve for political risk insurance (Note 2)	\$ 220,000	\$ 205,000
Reserve for investment guaranties (Note 2)	460,000	425,000
Accounts payable and accrued expenses	8,916	7,255
Customer deposits and deferred income	35,447	34,276
Borrowings from U.S. Treasury and related interest (Note 6)	62,926	62,547
Unearned premiums	20,390	28,657
Deferred rent & rent incentives from lessor of \$20,525 and \$19,867 net of accumulated amortization of \$8,324 and \$7,095 in FY 2000 and FY 1999 (Note 15)	12,201	12,772
	819,880	775,507
Contingent liabilities (Notes 9, 10, 18, and 19)		
Capital and retained earnings:		
Contributed capital	50,000	50,000
Credit funding (Note 5)	96,308	190,569
Interagency transfers	1,085	3,525
Retained earnings statutorily reserved:		
Insurance (Notes 9 and 12)	1,883,973	1,974,828
Guaranty (Notes 10 and 12)	1,289,843	1,017,336
	3,321,209	3,236,258
TOTAL LIABILITIES, CAPITAL AND RETAINED EARNINGS	\$ 4,141,089	\$ 4,011,765

STATEMENT OF INCOME

Overseas Private Investment Corporation

For the Years Ended September 30 (\$ in thousands)

	2000	1999
REVENUES		
Political risk insurance (Note 9)	\$ 84,385	\$ 91,749
Investment financing	87,850	80,479
Other operating income	21,472	16,357
Interest on U.S. Treasury securities	212,103	208,569
	405,810	397,154
EXPENSES		
Provisions for reserves:		
Political risk insurance (Note 2)	102,968	49,716
Investment financing (Notes 2 and 10)	68,429	163,656
Salaries and benefits (Notes 16 and 17)	18,950	18,125
Rent, communications and utilities (Note 15)	5,464	5,079
Contractual services	14,123	11,240
Travel	1,583	1,452
Depreciation and amortization (Note 2)	1,944	1,842
Writedown of internally developed software (Note 20)	5,098	0
Other general and administrative expenses	2,101	1,905
	220,660	253,015
NET INCOME	\$ 185,150	\$ 144,139

The accompanying notes are an integral part of the financial statements.

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CAPITAL AND RETAINED EARNINGS

Overseas Private Investment Corporation

For the Years Ended September 30 (\$ in thousands)

	Contributed Capital	Credit Funding	Interagency Transfers	Statutory Reserves		Retained Earnings	Total
				Insurance (Notes 9 and 12)	Guaranty (Notes 10 and 12)		
Balance							
September 30, 1998	\$ 50,000	\$ 191,563	\$ 0	\$ 1,850,570	\$ 996,461	\$ 0	\$ 3,088,594
Net income				124,258	5,859	14,022	144,139
Credit funding received from:							
Accumulated earnings		33,522				(33,522)	0
Credit funding used		(34,516)			15,016	19,500	0
Interagency transfers received			3,525				3,525
Balance							
September 30, 1999	\$ 50,000	\$ 190,569	\$ 3,525	\$ 1,974,828	\$ 1,017,336	\$ 0	\$ 3,236,258
Net income				(93,870)	271,998	7,022	185,150
Return of expired credit funding		(83,998)					(83,998)
Credit funding received from:							
Accumulated earnings		28,022				(28,022)	0
Credit funding used		(38,085)			17,085	21,000	0
Dividend to Treasury					(16,576)		(16,576)
Interagency transfers		(200)	(2,440)	3,015			375
Balance							
September 30, 2000	\$ 50,000	\$ 96,308	\$ 1,085	\$ 1,883,973	\$ 1,289,843	\$ 0	\$ 3,321,209

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH FLOWS

Overseas Private Investment Corporation

For the Years Ended September 30 (\$ in thousands)

	2000	1999
Cash Flows from Operating Activities		
Cash received from insurance clients	\$ 76,406	\$ 89,422
Cash received from investment financing	87,415	80,386
Cash received from pre investment clients	5	42
Payments to suppliers and employees	(40,317)	(39,235)
Net interest received	244,492	237,421
Assets acquired	(51,818)	(17,380)
Recoveries on assets acquired in claims settlements	6,792	7,501
Claim payments	(219,340)	(19,194)
Net Cash Provided from Operating Activities	103,635	338,963
Cash Flows from Investing Activities:		
Maturity of U.S. securities	337,062	186,417
Purchase of U.S. securities	(379,631)	(430,981)
Repayment of direct loans	10,116	11,923
Disbursement of direct loans	(3,900)	(8,410)
Acquisition of furniture and equipment	(544)	(144)
Cash Used in Investing Activities	(36,897)	(241,195)
Cash Flows from Financing Activities:		
Dividend to U.S. Treasury	(16,576)	0
Interagency transfers	375	3,525
Return of expired credit funding	(83,998)	0
Credit Reform borrowings from U.S. Treasury	379	(5,564)
(Increase) Decrease in cash restricted for:		
Credit Reform	(365)	(86,346)
Pre-Credit Reform	22,384	(3,365)
Cash Used in Financing Activities	(77,801)	(91,750)
Net Increase (Decrease) in Cash, Unrestricted	(11,063)	6,018
Cash at Beginning of Year, Unrestricted	11,933	5,915
Cash at End of Period, Unrestricted	\$ 870	\$ 11,933

The accompanying notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

Overseas Private Investment Corporation

September 30, 2000 and 1999

1. Statement of Corporate Purpose

The Overseas Private Investment Corporation (OPIC) is a self-sustaining U.S. Government agency created under the Foreign Assistance Act of 1961 (FAA), as amended, to facilitate U.S. private investment in developing countries and emerging market economies, primarily by offering political risk insurance, investment guaranties and direct loans.

2. Summary of Significant Accounting Policies

Revenue Recognition: Facility fees are received in advance and recognized as deferred income, then amortized over the applicable loan period. Interest on loans and guaranty fees on investment guaranties are accrued based on the principal amount outstanding. Revenue from both loan interest payments and guaranty fees that is more than 90 days past due is recognized only when cash is received. Revenue from political risk insurance premiums is recognized on a pro-rata basis over the contract coverage period. Accretion of premium and discount on investment securities is amortized into income under a method approximating the effective yield method.

Reserves for Political Risk Insurance and Investment Guaranties: The reserves for political risk insurance and investment guaranties provide for losses inherent in those operations. These reserves are general reserves, available to absorb losses related to the total insurance and guaranties outstanding, which are off balance sheet commitments. The reserves are increased by provisions charged to expense and decreased for claims settlements. The provisions for political risk insurance and investment guaranties are based on management's evaluation of the adequacy of the related reserves. This evaluation encompasses consideration of past loss experience, changes in the composition and volume of the insurance and guaranties outstanding, worldwide economic and political conditions and project-specific risk factors.

Allowance for Uncollectible Loans: The allowance for uncollectible loan amounts and related accounts receivable is based on management's periodic evaluations of the loan portfolio. In its evaluation, management considers numerous factors, including, but not limited to, general economic conditions, loan portfolio composition, prior loan loss experience, the estimated fair value of any collateral, and the present value of expected future cash flows.

Cash and Investments Held by the U.S. Treasury: Substantially all of OPIC's receipts and disbursements are processed by the U.S. Treasury, which, in effect, maintains OPIC's bank accounts. For the purposes of the Statement of Cash Flows, OPIC's unrestricted funds in the U.S. Treasury are considered cash.

Investment in U.S. Treasury Securities: By statute, OPIC is authorized to invest funds derived from fees and other revenues related to its insurance and preinvestment programs in U.S. Treasury securities. Investments are carried at face value, net of unamortized discount or premium, and are generally held to maturity. OPIC has the ability and intent to hold its investments until maturity or until the carrying cost can be otherwise recovered.

Valuation of Assets Acquired in Claims Settlements: Assets acquired in claims settlements are valued at the lower of management's estimate of the net realizable value of recovery or the cost of acquisition.

OPIC acquires foreign currency in settlement of inconvertibility claims when an insured foreign enterprise is unable to convert foreign currency into U.S. dollars as well as in some direct loan and investment guaranty collection efforts. The U.S. dollar equivalent is recorded until utilized by OPIC or other agencies of the United States Government or until exchanged for U.S. dollars by the foreign government.

Depreciation and Amortization: Depreciation and amortization of fixed assets, leasehold improvements, and lease incentives are computed using the straight-line method over the estimated useful life of the asset or lease term, whichever is shorter, with periods ranging from 5 to 15 years.

Acquisition Costs: Costs of acquiring new insurance or finance business are expensed in the year incurred as such costs are not considered material.

Reclassifications: Certain FY 1999 balances have been reclassified to conform to FY 2000 financial statement presentations.

3. Intragovernmental Financial Activities

OPIC, as a U.S. Government agency, is subject to financial decisions and management controls of the Office of Management and Budget (OMB). As a result of this relationship, OPIC's operations may not be conducted nor its financial position reported as they would be if OPIC were not a government corporation. Furthermore, in accordance with international agreements relating to its programs, as well as internal U.S. Government operating procedures, foreign currency acquired by OPIC can be used for U.S. Government expenses. This facility constitutes an additional means by which OPIC can recover U.S. dollars with respect to its insurance and investment financing programs which would otherwise be unavailable.

4. Cash

OPIC is restricted in its uses of certain cash balances, as described below. Cash balances as of September 30, 2000 and 1999 were as follows (dollars in thousands):

Cash Accounts	2000	1999
Restricted:		
Pre-Credit Reform	\$ 3,694	\$ 26,078
Credit Reform	589,728	589,363
Interagency fund transfers	252	252
Unrestricted:	870	11,933
Total	\$ 594,544	\$ 627,626

The Federal Credit Reform Act of 1990 established separate accounts for cash flows associated with investment financing activity approved prior to implementation of the Act and investment financing activity subject to the Act. With the advent of Credit Reform, OPIC is not permitted to invest its pre-Credit Reform cash balances. These balances grow over time, and when they are determined to be no longer needed for the liquidation of the remaining pre-Credit Reform direct loans and investment guaranties, they are transferred to OPIC's noncredit insurance account. During 2000 and 1999, OPIC transferred \$4.5 million and \$7 million to the noncredit insurance account. Credit Reform balances are also maintained in the form of uninvested funds. The U.S. Treasury pays OPIC interest on those cash balances except for undisbursed credit funding. Those balances are also expected to grow as the volume of Credit Reform financings grows over time.

From time to time the Agency for International Development (A.I.D.) has entered into various memoranda of understanding with OPIC providing for the transfer of funds from A.I.D. to OPIC to carry out specific programs. These cash balances may not be commingled with other OPIC cash and are available solely for the purposes of the individual agreements.

5. Credit Funding

OPIC's finance activities are subject to the Federal Credit Reform Act of 1990, which was implemented as of October 1, 1991. Credit Reform requires agencies to estimate the long-term cost to the government of each fiscal year's new credit transactions, and to obtain funding through the appropriations process equal to the net present value of such costs at the beginning of the year. OPIC's credit funding is available for two years. In addition, the Act requires the administrative costs related to this credit program to be displayed. In fiscal year 2000, OPIC's appropriations legislation authorized the corporation to use \$24 million of its accumulated earnings to cover the future costs of credit transactions committed in fiscal years 2000 and 2001. In addition to the credit funding allocated directly to OPIC through the appropriations process, OPIC has received a total of \$62 million in net transfers from other agencies to be used exclusively to finance projects in the New Independent States (NIS).

The following table shows the status of funding for credit activities (dollars in thousands):

	2000	1999
Balance carried forward	\$ 190,569	\$ 191,563
Return of expired credit funding	(83,998)	0
Transferred from earnings	28,022	33,522
Interagency transfers (net)	(200)	0
Credit funding used	(38,085)	(34,516)
Credit Funding Remaining	96,308	\$ 190,569

In fiscal year 2000, OPIC paid a dividend to the U.S. Treasury of \$16.6 million. With this dividend and dividends paid in prior years, OPIC has returned to the General Fund an amount equal to all the direct appropriations used for credit funding since the inception of credit reform. These dividends were paid because although OPIC has been required in certain years to fund its credit activities through direct appropriations, it has been able to meet the costs of those activities from current operations. Also in FY 2000, OPIC returned the balance of unused direct appropriations, totaling \$84 million, to the General Fund.

6. Borrowings From the U.S. Treasury

In accordance with the Federal Credit Reform Act of 1990, the portion of investment financing activities not funded through the appropriations process must be funded by borrowings from the U.S. Treasury. Borrowings for Credit Reform financings totaled \$3.4 million in 2000 and \$7.5 million in 1999, all of which have been disbursed. OPIC paid a total of \$3.8 million and \$4.4 million in interest to the U.S. Treasury during fiscal years 2000 and 1999, respectively, and principal repayments of \$3.1 million and \$13.1 million were made in 2000 and 1999 under OPIC's borrowing agreement with the U.S. Treasury. Future payments and interest rates for borrowings outstanding at September 30, 2000 are as follows (dollars in thousands):

Payment due in:	Interest Rate	Principal Amount Due
Fiscal years 2001–2003	4.45%–7.34%	\$ 7,829
Fiscal years 2004–2006	4.83%–7.00%	51,938
Fiscal year 2007–2014	5.81%–6.38%	3,159
Total		\$ 62,926

7. Investment in U.S. Treasury Securities

The amortized cost and estimated market value of investments in U.S. Treasury securities are as follows (dollars in thousands):

	Gross Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
At September 30, 1999	\$3,216,395	\$114,599	\$(13,874)	\$3,317,120
At September 30, 2000	\$3,244,147	\$130,676	(10,735)	\$3,364,088

The amortized cost and estimated market value of U.S. Treasury securities at September 30, 2000, by contractual maturity, are shown below. OPIC generally holds its securities to maturity. Expected maturities would differ from contractual maturities if OPIC were to sell securities prior to maturity (dollars in thousands):

	Amortized Cost	Estimated Market Value
Due in one year or less	\$ 230,511	\$ 230,424
Due after one year through five years	1,021,198	1,038,404
Due after five years through ten years	1,211,253	1,233,982
Due after ten years	781,185	861,278
Total	\$3,244,147	\$3,364,088

Accrued interest totaled \$58.7 million at September 30, 2000 and \$54.8 million at September 30, 1999.

8. Statutory Limitations on the Issuance of Insurance and Finance

OPIC issues insurance and financing under limits fixed by statute in the Foreign Assistance Act (FAA). Effective October 1, 1996, new legislation replaced the separate Section 235 ceilings on maximum issuance applicable to OPIC's guaranty and insurance programs with a single aggregate ceiling for both programs. At September 30, 2000, this combined ceiling was \$29 billion, of which combined insurance and finance utilization was \$16.8 billion.

9. Political Risk Insurance

Insurance revenues include the following components (dollars in thousands):

As of September 30	2000	1999
Political risk insurance premiums	\$ 83,909	\$ 90,528
Miscellaneous insurance income	476	1,221
Total Insurance Revenue	\$ 84,385	\$ 91,749

OPIC's capital, retained earnings, and reserves available for insurance at September 30, 2000 and 1999 totaled \$2.2 billion each year, respectively. Charges against retained earnings could arise from (A) outstanding political risk insurance contracts, (B) pending claims under insurance contracts, and (C) guaranties issued in settlement of claims arising under insurance contracts.

(A) **Political Risk Investment Insurance:** OPIC insures investments for up to 20 years against three different risks: inconvertibility of currency, expropriation, and political violence. Insurance coverage against inconvertibility protects the investor from increased restrictions on the investor's ability to convert local currency into U.S. dollars. Inconvertibility insurance does not protect against devaluation of a country's currency.

Expropriation coverage provides compensation for losses due to confiscation, nationalization, or other governmental actions that deprive the investor of its fundamental rights in the investment.

Insurance against political violence insures investors against losses caused by politically motivated acts of violence (war, revolution, insurrection or civil strife, including terrorism and sabotage).

Under most OPIC insurance contracts, investors may obtain all three coverages, but claim payments may not exceed the single highest coverage amount. Claim payments are limited by the value of the investment and the amount of current coverage in force at the time of the loss, and may be reduced by the insured's recoveries from other sources. In addition, in certain contracts, OPIC's requirement to pay up to the single highest coverage amount is further reduced by stop-loss agreements. Finally, losses on insurance claims may be reduced by recoveries by OPIC as subrogee of the insured's claim against the host government.

OPIC's Maximum Contingent Liability (MCL) at September 30, 2000 was \$9.96 billion. This amount is OPIC's estimate of maximum exposure to insurance claims, which includes standby coverage for which OPIC is committed but not currently at risk. A more realistic measure of OPIC's actual exposure to insurance claims is the sum of each single highest "current" coverage for all contracts in force, or Current Exposure to Claims (CEC). OPIC's CEC at September 30, 2000 was \$6.4 billion.

(B) **Pending Claims:** At September 30, 2000, the total amount of compensation formally requested in insurance claims for which no determination of specific liability had yet been made was approximately \$136.4 million. In addition to requiring formal applications for claimed compensation, OPIC's contracts generally require investors to notify OPIC promptly of host government action which the investor has reason to believe is or may become a claim. Compliance with this notice provision sometimes results in the filing of notice of events that do not mature into claims.

The highly speculative nature of such notice, both as to the likelihood that the event referred to will ripen into a claim and the amount, if any, of compensation that may become due, leads OPIC to follow a policy of not recording a specific liability related to such notices in its financial statements. Any claims that might arise from these situations are factored into the reserves for political risk insurance.

(C) **Claims Settlement Guaranties and Indemnities:** OPIC also has off-balance-sheet risk in connection with one claim settlement. OPIC settled a claim in 1991 through a guaranty of \$30 million of host government obligations. Payments by the host government have reduced OPIC's exposure to \$14.6 million at September 30, 2000. Any claims that might arise from these situations are factored into the nonspecific reserve for political risk insurance.

10. Investment Financing

OPIC provides investment financing through both project and corporate finance and investment funds. Project financing provides medium- to long-term funding through direct loans and investment guaranties to ventures involving significant equity and/or management participation by U.S. businesses. Project financing looks for repayment

from the cash flows generated by projects, and as such, sponsors need not pledge their own general credit beyond the required project completion period.

Investment funds use direct loans and investment guaranties to support the creation and capitalization of investment funds that make direct equity and equity-related investments in new, expanding, or privatizing companies in emerging market economies. The fund managers, selected by OPIC, are experienced, private investment professionals. OPIC's participation in a fund takes the form of long-term, secured loans and loan guaranties that supplement the fund's privately raised equity. OPIC's guaranty may be applied only to the debt portion of the fund's capital and, for certain funds, to accrued interest on that debt. OPIC does not guarantee any of the fund's equity, and all equity investments in OPIC-backed funds are fully at risk.

OPIC's authorization to make direct loans and investment guaranties can be found in sections 234(c) and 234 (b) of the FAA, respectively. Direct loans and investment guaranties are committed in accordance with the Federal Credit Reform Act of 1990, pursuant to which loan disbursements and any claim payments for these commitments have been funded through appropriations actions, borrowings from the U.S. Treasury, and the accumulation of earnings or collection of fees. In fiscal years 2000 and 1999, \$24 million and \$50 million, respectively, were made available for credit funding costs. OPIC is in compliance with all relevant limitations and credit funding appropriations guidance. OPIC's capital, retained earnings, and reserves available for claims on its investment financing at September 30, 2000 and 1999 totaled \$1.8 billion and \$1.5 billion, respectively.

Direct Loans: Direct loans are made for projects in developing and other eligible countries involving U.S. small business or cooperatives, on terms and conditions established by OPIC. Direct loan exposure at September 30, 2000 totaled \$240 million, of which \$54 million was outstanding.

Interest income is not accrued on direct loans that have payments that are more than 90 days past due. Loans with payments more than 90 days past due totaled \$18.2 million at September 30, 2000 and \$10.2 million at September 30, 1999. If interest income had been accrued on those loans, it would have approximated \$1.1 million during fiscal year 2000 and \$547,000 during fiscal year 1999. Interest collected on delinquent loans and recorded as income when received amounted to \$471,000 and \$479,000 for fiscal years 2000 and 1999, respectively.

Changes in the allowance for uncollectible loans during fiscal years 2000 and 1999 were as follows (dollars in thousands):

As of September 30	2000	1999
Beginning balance	\$ 16,953	\$ 7,337
Charge-offs	(7,010)	(500)
Recoveries	68	1,754
Provisions	(809)	8,362
Ending Balance	\$ 9,202	\$ 16,953

Investment Guaranties: OPIC's investment guaranty covers the risk of default for any reason. In the event of a claim on OPIC's guaranty, OPIC makes payments of principal and interest to the lender. The loans that are guaranteed can bear either fixed or floating rates of interest and are payable in U.S. dollars. OPIC's losses on payment of a guaranty are reduced by the amount of any recovery from the borrower, the host government, or through disposition of assets acquired upon payment of a claim. Guaranties extend up to 15 years for project finance and from 10 to 12 years for investment funds.

Credit risk represents the maximum potential loss due to possible nonperformance by borrowers under terms of the contracts. OPIC's exposure to credit risk under investment guaranties was \$6.6 billion at September 30, 2000, of which \$3.3 billion was outstanding. Of the \$6.6 billion, \$3.6 billion related to project finance and \$3 billion related to investment fund guaranties. Included in the \$3 billion of investment fund exposure is \$1 billion of estimated interest that could accrue to the guaranteed lender. This interest generally accrues over a 10-year period, payable upon maturity. Upon complete nonperformance by the borrower, OPIC would be liable for principal outstanding and interest accrued on disbursed investment funds. At September 30, 2000, \$165 million of the \$1 billion had actually accrued to the guaranteed lender on disbursed investment funds; the remainder represents an estimate of interest that could accrue to the guaranteed lender over the remaining investment fund term.

Section 235 of the FAA requires OPIC to maintain a Guaranty Reserve, which is reflected in the Capital and Retained Earnings section of the balance sheet under the heading "Retained Earnings Statutorily Reserved."

11. Assets Acquired in Claim Settlements

Claim related assets may result from payments on claims under either the insurance program or the investment financing program. Under the financing program, when OPIC pays a guaranteed party, a receivable is created. Under the insurance program, similar receivables reflect the value of assets, generally shares of stock, local currency, or host country notes, that may be acquired as a result of a claim settlement. These receivables are generally collected over a period of five to fifteen years. On November 17, 1999, OPIC paid two insurance claims totaling \$217.5 million. OPIC's expected net loss on these claims is included in the specific reserve for political risk insurance at September 30, 2000. Subsequent to the claim, OPIC received stock which represented 90 percent ownership in the underlying assets owned by the insured party. The receipt of stock was treated as a non-reciprocal transfer in accordance with APB 29.

12. Statutory Reserves and Full Faith and Credit

Section 235(c) of the FAA established a fund with separate accounts known as the Insurance Reserve and the Guaranty Reserve for the respective discharge of liabilities arising from investment insurance or from guaranties issued under Section 234(b) of the FAA. These reserves are reflected on the balance sheet as retained earnings statutorily reserved for each program: Insurance and Guaranty. These amounts may be increased by transfers from retained earnings or by appropriations. In FY 2000, OPIC's Board of Directors authorized the allocation of all retained earnings to these statutory reserves, thereby reflecting OPIC's increased ability to absorb potential losses without having to seek appropriated funds. The allocation of retained earnings to the Insurance Reserve and the Guaranty Reserve is based on the amount of maximum exposure outstanding for insurance and guaranties, respectively.

All valid claims arising from investment insurance and guaranties issued by OPIC constitute obligations on which the full faith and credit of the United States of America is pledged for full payment. At September 30, 2000 and 1999, the statutory Insurance Reserve totaled \$1.9 billion and \$2 billion, respectively, and the statutory Guaranty Reserve totaled \$1.3 billion and \$1 billion respectively. Should funds in OPIC's reserves not be sufficient to discharge obligations arising under investment insurance, and if OPIC exceeds its \$100 million borrowing authority authorized by statute for its insurance program, funds would have to be appropriated to fulfill the pledge of full faith and credit to which such obligations are entitled. Standing authority for such appropriations is contained in Section 235(f) of the FAA. The Federal Credit Reform Act of 1990 authorizes permanent, indefinite appropriations and borrowings from the U.S. Treasury, as appropriate, to carry out all obligations resulting from the investment financing program.

13. Disclosures About Fair Value of Financial Instruments

The estimated values of each class of financial instrument for which it is practicable to estimate a fair value at September 30, 2000 are as follows (dollars in thousands):

	Carrying Amount	Fair Value
Financial Assets		
Cash	\$ 594,544	\$ 594,544
U.S. Treasury securities	3,244,147	3,364,088
Interest receivable on securities	58,741	58,741
Direct loans	43,785	43,785
Accounts receivable from investment guaranties	30,431	30,431
Assets acquired in insurance claims settlements	143,730	143,730
Financial Liabilities		
Borrowings from the U.S. Treasury	62,926	62,665

The methods and assumptions used to estimate the fair value of each class of financial instrument are described below:

Cash: The carrying amount approximates fair value because of the liquid nature of the cash, including restricted cash.

U.S. Treasury Securities: The fair values of the U.S. Treasury Securities are estimated based on quoted prices for Treasury securities of the same

maturity available to the public. (OPIC is not authorized, however, to sell its securities to the public, but is restricted to direct transactions with the U.S. Treasury.) Interest receivable on the securities is due within six months and is considered to be stated at its fair value.

Direct Loans, Accounts Receivable Resulting from Investment Guaranties, and Assets Acquired in Insurance Claims Settlements: These assets are stated on the balance sheet at the present value of the amount expected to be realized. This value is based on management's quarterly review of the portfolio and considers specific factors related to each individual receivable and its collateral. The stated value on the balance sheet is also management's best estimate of fair value for these instruments.

Borrowings from the U.S. Treasury: The fair value of borrowings from the U.S. Treasury is estimated based on the face value of borrowings discounted over their term at year-end rates. These borrowings were required by the Federal Credit Reform Act, and repayment terms are fixed by the U.S. Treasury in accordance with that Act.

Investment Guaranties Committed and Outstanding: OPIC's investment guaranties are intended to provide a means of mobilizing private capital in markets where private lenders would be unwilling to lend without the full faith and credit of the U.S. Government. Given the absence of a market for comparable instruments, it is not meaningful to calculate their fair value.

14. Cash Flows

OPIC's statement of cash flows is presented based on actual cash flows. The following schedule provides a reconciliation of net income to net cash provided by operating activities:

For the years ended September 30	2000	1999
Net Income	\$ 185,150	\$ 144,139
Adjustments to reconcile net income to net cash provided by operating activities:		
Provisions for:		
Political risk insurance	102,968	49,716
Investment financing	68,429	163,656
Amortization of premiums on U.S. securities	18,506	17,567
Amortization of discounts on U.S. securities	(3,688)	(1,915)
Depreciation and amortization	1,944	1,842
Writedown of internally developed software	5,098	0
Premiums earned	(83,958)	(90,544)
Premiums received	75,691	88,628
Increase (Decrease) in accounts payable	1,660	(405)
Increase in customer deposits and deferred income	1,170	1,836
Increase in accrued interest and fees	(5,213)	(5,456)
Decrease (Increase) in accounts receivable	814	(73)
Assets acquired in claims settlements	(51,817)	(17,380)
Recoveries on assets acquired in claims settlements	6,792	7,501
Insurance reserve claim payments (Decrease) in deferred rent and incentives from lessors	(219,340)	(19,194)
	(571)	(954)
Cash Provided by Operating Activities	\$ 103,635	\$ 338,963

15. Lease

Rental expenses for 2000 and 1999 were approximately \$4.3 million and \$4.2 million. Minimum future rental expenses under the 15-year lease at 1100 New York Avenue, N.W. will be approximately \$4.9 million annually, with additional adjustments tied to the consumer price index. Lease incentives related to OPIC's 1992 move totaled \$16.7 million. The value of these incentives is deferred in the balance sheet and is being amortized to reduce rent expense on a straight-line basis over the 15-year life of the lease.

16. Pensions

OPIC's permanent employees are covered by the Civil Service Retirement System (CSRS) or the Federal Employee Retirement System (FERS). For CSRS, OPIC withheld 7.4 percent of employees' gross 2000 earnings. In 2000, OPIC contributed 8.51 percent, and the sum was transferred to the Civil Service Retirement Fund from which this employee group will receive retirement benefits. For FERS, OPIC withheld 1.2 percent of employees' gross earnings; in 2000, OPIC contributed 10.7 percent of employees' gross earnings. This sum is

transferred to the FERS fund from which the employee group will receive retirement benefits. An additional 6.2 percent of the FERS employees' gross earnings is withheld, and that plus matching contributions by OPIC are sent to the Social Security System from which the FERS employee group will receive social security benefits. OPIC occasionally hires employees on temporary appointments, and those employees are covered by the social security system under which 6.2 percent of earnings is withheld and matched by OPIC.

FERS (after an initial eligibility period) and CSRS employees may elect to participate in the Thrift Savings Plan (TSP). Based on employee elections, 0 to 5 percent of gross CSRS earnings is withheld and 0 to 10 percent of gross FERS earnings is withheld. FERS employees receive an automatic one percent contribution from OPIC. Amounts withheld for FERS employees are matched by OPIC, up to an additional 4 percent, for a total of 5 percent.

Although OPIC funds a portion of employee pension benefits under the CSRS, the FERS, and the TSP, and makes necessary payroll withholdings, it has no liability for future payments to employees under these programs. Furthermore, OPIC does not disclose the assets of the CSRS, FERS, or TSP nor does it disclose actuarial data with respect to accumulated plan benefits or any unfunded pension liability. Paying retirement benefits and reporting plan assets and actuarial information is the responsibility of the U.S. Office of Personnel Management and the Federal Retirement Thrift Investment Board, which administer these plans. Data regarding the CSRS and FERS actuarial present value of accumulated benefits, assets available for benefits, and unfunded pension liability are not allocated to individual departments and agencies.

17. Postretirement Benefits

OPIC sponsors three defined benefit postretirement plans that cover qualifying employees. The three plans provide major medical coverage, dental and vision coverage, and life insurance. The medical and the dental and vision plans are both contributory plans. The life insurance plan includes options that are contributory and noncontributory.

In February of 1998, the Financial Accounting Standards Board issued Statement No. 132 (FAS No. 132), Employers' Disclosures about Pensions and Other Postretirement Benefits. FAS No. 132 amends the Financial Accounting Standard Board's Statements No. 87, 88 and 106. FAS No. 132 amends disclosure only and does not amend the measurement or recognition of liabilities or assets as defined under Statements No. 87, 88 and 106. FAS No. 132 became effective for fiscal years beginning after December 15, 1997.

Shown below is disclosure information for the year ending September 30, 2000 and comparative information for the years ending September 30, 1999 and September 30, 1998, in accordance with FAS No. 132.

	2000	1999	1998
Reconciliation of Accrued Benefit Cost			
Benefit liability at end of year	\$ (3,032,078)	\$ (3,048,864)	\$ (3,174,846)
Fair value of plan assets at end of year	0	0	0
Status at year end	\$ (3,032,078)	\$ (3,048,864)	\$ (3,174,846)
Unrecognized net actuarial loss (gain)	(942,602)	(738,643)	(384,242)
Unrecognized net transition obligation	0	0	0
Unrecognized prior service cost	0	0	0
Prepaid (accrued) benefit cost	\$ (3,974,680)	\$ (3,787,507)	\$ (3,559,088)

Components of Net Periodic Benefit Cost

Service cost	\$117,654	\$127,068	\$107,164
Interest cost	224,550	210,851	194,936
Expected return on plan assets	0	0	0
Recognized net actuarial loss	(43,289)	(5,554)	(31,214)
Amortization of transition obligation	0	0	0
Amortization of prior service cost	0	0	0
Net periodic benefit cost	\$298,915	\$332,365	\$270,886

Effect of Health Care Trend

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage point change in assumed health care cost trend rates would have the following effects:

	1 Percentage Point Increase	1-Percentage Point Decrease
Effects on total service cost and interest cost components	\$ 62,253	\$(49,222)
Effect on postretirement benefit liability	405,094	(331,067)
	2000	1999
	1998	

Change in Benefit Liability

Benefit liability at beginning of year	\$ (3,048,864)	\$(3,174,846)	\$(2,720,838)
Service cost	(117,654)	(127,068)	(107,164)
Interest cost	(224,550)	(210,851)	(194,936)
Amendments	0	0	0
Actuarial gain/(loss)	247,248	359,955	(249,054)
Benefits paid	111,742	103,946	97,146

Benefit liability at end of year

end of year	\$(3,032,078)	\$(3,048,864)	\$(3,174,846)
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Change in Plan Assets

Fair value of plan assets at beginning of year	\$ 0	\$ 0	\$ 0
Actual returns on plan assets	0	0	0
Adjustment	0	0	0
Employer contribution	111,742	103,946	97,146
Plan participant's contributions	0	0	0
Benefits paid	(111,742)	(103,946)	(97,146)

Fair value of plan assets at end of year

assets at end of year	\$ 0	\$ 0	\$ 0
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Weighted-Average Assumptions as of September 30

Discount rate	8.00%	7.50%	6.75%
Expected return on plan assets	N/A	N/A	N/A
Rate of compensation increase	N/A	N/A	N/A

For measurement purposes, a 9 percent annual rate of increase in the per capita cost of medical benefits was assumed for 2000. The rate was assumed to decrease gradually to 8 percent for 2001, 7 percent in 2002, 6 percent in 2003, 5.5 percent in 2004 and remain at that level thereafter. The per capita cost for dental benefits was assumed to increase 6 percent in 2000, decrease to 5.5 percent for 2001 and remain level thereafter.

18. Concentration of Risk

OPIC is subject to certain risks associated with financial instruments not reflected in its balance sheet. These financial instruments include political risk insurance, loan guaranties, and committed-but-undisbursed direct loans.

With respect to political risk insurance, OPIC insures against currency convertibility, expropriation of assets and political violence. Additionally, OPIC provides investment financing through direct loans and investment guaranties.

OPIC's credit policy is to take a senior security position in the assets of the projects or transactions it guarantees. The nature and recoverable value of the collateral pledged to OPIC varies from transaction to transaction and may include tangible assets, cash collateral or equivalents, and/or a pledge of shares in the project company as well as personal and corporate guaranties. OPIC takes all necessary steps to protect its position in such collateral and retains the ability to enforce its rights as a secured lender if such action becomes necessary.

The following is a summary of OPIC's off-balance sheet risk at September 30, 2000 and 1999 (dollars in thousands):

2000	Unused		
	Total	Outstanding	Commitments
Guaranties	\$ 6,521,979	\$ 3,199,636	\$ 3,322,343
Undisbursed direct loans	186,024		186,024
Insurance	9,957,534	6,363,020	3,594,514

1999	Unused		
	Total	Outstanding	Commitments
Guaranties	\$ 6,365,732	\$ 2,972,777	\$ 3,392,955
Undisbursed direct loans	162,162		162,162
Insurance	12,912,323	7,078,978	5,833,345

OPIC's off-balance sheet finance and insurance exposure involves coverage outside of the United States. The following is a breakdown of such total commitments at September 30, 2000 by major geographical area (dollars in thousands):

	Undisbursed		
	Loan Guaranties	Portion on Direct Loans	Insurance
Africa	\$ 996,148	\$ 33,975	\$ 259,645
Asia	913,237	14,132	1,890,317
Europe	921,017	9,169	902,117
Latin America	2,054,588	64,565	5,821,641
Middle East	159,322	8,000	410,217
NIS (New Independent States)	967,648	44,883	1,201,258
Worldwide	510,019	11,300	0
Insurance Stop-loss Adjustment			(527,661)
	\$6,521,979	\$ 186,024	\$ 9,957,534

OPIC has several client-specific contracts with stop-loss limits that are less than the aggregate coverage amounts. The insurance stop-loss adjustment represents the difference between the aggregate coverage amount and OPIC's actual exposure under these contracts.

At September 30, 2000 OPIC's largest finance and insurance exposure was in the following countries and sectors (dollars in thousands):

Country	Sector		
Brazil	\$2,088,436	Power Generation	\$5,546,681
Argentina	1,237,335	Financial Services	4,471,236
Venezuela	1,146,767	Manufacturing	2,037,790
Turkey	1,146,029	Oil & Gas Services	1,805,641
Russia	929,681	Communications	1,455,062

19. Other Contingencies

OPIC is currently involved in certain legal claims and has received notifications of potential claims in the normal course of business. Management believes that the resolution of these matters will not have a material adverse impact on the Corporation.

20. Writedown of Internally Developed Software

Management has analyzed previously capitalized costs associated with internally developed software and has determined that a portion of those costs will no longer be of future benefit and should be written down by \$5.1 million. The writedown was calculated as the difference between the carrying amount less costs identified by management as having future economic benefit, in accordance with FAS 121, "Accounting for Impairment of Long-lived Assets."

21. Statutory Covenants

OPIC's enabling statute stipulates both operating and financial requirements with which OPIC must comply. In management's opinion, OPIC is in compliance with all such requirements.

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Manager—Investment Development

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Manager—Investment Development

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Intergovernmental and Public Affairs

Overseas
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2000 Annual Report

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