MEMORANDUM OF DETERMINATIONS

Political Violence Claim of ABI Group, Ltd (the "Insured")

Afghanistan – Contract of Insurance No. F470 (the "Rider" [Tab A])

I. Claim

In a series of e-mails during the period December 7, 2005 through January 19, 2005 (Tab B) the Insured made an application for compensation under the Political Violence coverage of the Rider.

The claim is for loss of a vehicle in a suicide car bombing that was directed at a military convoy that was operating in the vicinity of the Project.

The Insured has described the vehicle as a Hyundai Terracon Jeep, having an original cost of $19,970. OPIC finds the claim valid and compensation payable in the amount of $19,970.

II. Factual Background

Since the capture of Kabul on November 13, 2001, NATO has led the main peacekeeping force in the capital city of Afghanistan. NATO's ISAF (International Security Assistance Force) numbers about 12,000 soldiers from 36 nations.

Recently there has been an upsurge in violence in Afghanistan, and, very recently, suicide bombings have occurred there for the first time. Purported Taliban spokesmen have claimed responsibility and described their goals as toppling the new government and restoring the old Taliban regime.

On November 14, 2005, two ISAF vehicles were attacked on the same stretch of road 90 minutes apart. The attacks happened on Jalalabad Road, which is a main road from the center of Kabul to the industrial area. The Project has a plant in that area that produces bottled water, carbonated beverages and juices.

The first bombing took place when a Toyota Corolla sedan rammed into an ISAF Mercedes four-wheel-drive military vehicle and then exploded. This suicide car bombing killed one German soldier and wounded two others. The second bombing used the same tactic as the first. The attackers rammed their vehicle into an ISAF jeep and then detonated explosives. Two Greek soldiers were injured in the second attack.

A purported Taliban spokesman claimed responsibility and threatened more attacks. Both attacks were reported by news media and on the NATO/ISAF website. Those reports describe Afghan casualties as well as ISAF military casualties: three civilians and two police officers injured in the first incident, and a small boy killed and two civilians injured in the second attack. The NATO/ISAF website describes the civilians injured in the first attack as having been taken to an ISAF hospital. An ABC news report describes two Afghan casualties as severely injured (a man whose legs had been blown off and another covered in blood and motionless). It identifies two slightly wounded Afghans as journalists working for Radio Liberty. Reuters reported three Afghans killed in the attack. Subsequent stories in Associated Press (January 5, 2006) and Radio Free Europe/Radio Liberty (January 17, 2006) reported eight Afghans killed in the attacks. Press reports do not describe any Afghan vehicles destroyed, except for those used in the attacks, nor is there any reference to the Project.

The Investor claims that a vehicle being used for the Project was completely destroyed in one of the attacks, that one of the occupants was killed and the other badly burned and taken to an ISAF hospital. OPIC determines that the facts of the claimed event of Loss are true. The Investor will certify as to the accuracy of the claim as a whole. The independent accounts (Tab C) corroborate some details of the Investor's claim, and it is not surprising that the focus of reporting was upon the intended targets of the two attacks and the political implications of the acts. [redacted]

III. The Contract

The Rider is an insurance wrap, i.e., a short-form insurance contract issued as a rider to a loan agreement between the Investor and OPIC (the "Agreement") and is dated as of August 19, 2004.

The Rider covers the Insured against loss of 90% of its $4,970,000 direct equity investment in the Project due to the Insured Risks of Currency Inconvertibility, Expropriation and Political Violence, up to the aggregate amount of $4,473,000.

The event on which a claim is based must have arisen after the Effective Date of the Rider and on or before the date of its termination. The Rider provided that it would not be effective until the Insured provided OPIC with an FGA ("foreign government approval") and OPIC notified the Insured that the FGA was satisfactory. However, a new Investment Incentive Agreement was signed with Afghanistan on April 17, 2004 and became effective upon signature. The new agreement, among other things, eliminated the FGA requirement. The FGA-related condition precedent to effectiveness of the Rider then ceased to have any effect, and the standard provision governs. The Effective Date of the Rider is therefore the date of execution of the Agreement, August 19, 2004.

IV. Determinations Under the Contract

1. Political Violence was the direct cause of Property Loss

Political Violence is defined in the Rider as "a violent act undertaken with the primary intent of achieving a political objective . . . ."

The bombing was plainly a violent act. Explanations of the political objectives for carrying out acts such as the attack that led to the Loss range from creating a second front to weaken U.S. resolve and thereby put pressure on U.S. forces in both Iraq and Afghanistan, ending foreign influence in Afghan affairs, and reversing fledging democratic reforms and reinstating an Islamic government, to simply destabilizing the central government and frustrating its efforts and the efforts of the world community to improve conditions and stimulate economic and social development in Afghanistan. Any of these would constitute a political objective. It is not essential that the acts have been committed by the Taliban or any other organized group to constitute a covered Loss.

The investor has certified that the Project vehicle was destroyed in the [redacted] Taliban's bombing attacks on ISAF/NATO forces on November 14, 2005.

2. The Compensation due is $19,970

The Insured's share of the value of tangible property used for the Project is the ratio of the Investment to total equity investment in the project. The Insured was formed for the sole purpose of implementing the Project through a branch, and so the Investment represents the total equity investment in the Project. The Insured's share of the lost property is therefore 100%.

Based upon the balance sheet of the uncertified financial statements of the Insured as on September 30, 2005, the book value of the Investment is [redacted] These are the most recent financial statements that the Insured has provided to OPIC pursuant to the Agreement. On November 8, 2005, OPIC disbursed [redacted] of the Loan, which would reduce the book value of the Investment by that amount, but the book value would still exceed the amount of the Loss, and so the Loss is fully covered.

Based upon the Insured's representation and supporting documentation, the original cost of the property is $19,970, and so compensation due is $19,970.

3. The Insured has complied with its duties under the Contract

The 10% risk retention requirement of the Contract is satisfied because the Insured bears the risk of loss as to the remainder of the Investment.

The Insured will be required to certify that it remains the beneficial owner of the Investment and has at all times been a limited liability company incorporated in the British Virgin Islands, more than 95% of the stock of which is beneficially owned by United States citizens.

The Insured notified OPIC of the act of Political Violence that is the basis for this claim by e-mail to the responsible insurance officer and has kept OPIC informed of related developments. For the purpose of this claim under the Rider only, OPIC accepts this manner of notice as satisfactory.

There are no grounds for automatic termination of insurance provided by this Rider. The Maturity Date of the Loan is May 15, 2014, the Loan has not been repaid, and no other compensation has been paid under the Rider. Nor are there grounds for termination in OPIC's discretion. The Event of Default specified in Section 8.1(1) of the Agreement (payment default) occurred due to nonpayment of a $10,000 maintenance fee that was due on December 15, 2005, but the default has been cured. The Insured will certify that it has implemented the Project as described to OPIC, which includes compliance with the covenants specified in Sections 7.1(11), (12) and (13) of the Agreement relating to worker rights, the environment and corrupt practices, and the Insured has complied with its duties as set forth in the Rider.

V. Conclusion

Based on the foregoing determinations and subject to execution of the Certificate, Assignment and Receipt, and Release, OPIC finds the Insured's claim to be valid and that the Insured is entitled to $19,970 as compensation for the Loss.

OVERSEAS PRIVATE INVESTMENT CORPORATION

By: Robert A. Mosbacher, Jr.
Its: President and Chief Executive Officer

Dated: January 27, 2006