

## ERRATA

An article in the February *NewsWire* entitled "Lessons From Foreign Investment Disputes" said that a reason to buy political risk insurance for projects in some countries is that this gives the participants the ability to collect on an arbitration award if the government not only fails to honor its contractual commitments to the project, but also refuses to pay the arbitration award.

The article compared the experience of a geothermal project in Indonesia owned by CalEnergy with the experience of other projects. One of the other projects was the Karaha Bodas project in Indonesia. The article said that the facts surrounding the CalEnergy project and the Karaha Bodas project "start out virtually identical" and that the Karaha Bodas project had been awarded \$261 million in damages by an arbitration panel against two government-owned entities in Indonesia in December 2000, but that Karaha Bodas was having to chase Indonesian assets all over the world in complex litigation to collect and that it still seemed "pretty far from recovering anything."

These comments and some of the other information about the Karaha Bodas project in the article were incorrect, according to a spokesman for the project. There are numerous dissimilarities between the CalEnergy and Karaha Bodas projects and the course of their disputes with Indonesian entities. Most importantly, Karaha Bodas has done much better at enforcing its arbitration award than the article suggested. According to a project spokesman, Karaha Bodas has been able to freeze funds in US banks far exceeding the amount of its award and the ultimate disposition of these funds is still to be determined by US courts. The article, which was illustrating the advantages of political risk insurance coverage that pays compensation upon obtaining an arbitral award, should not have suggested that Karaha Bodas has not achieved positive results in its collection efforts. The article also said incorrectly that Karaha Bodas Company was formed in 1994, principally by Caithness Energy and Florida Power & Light. According to a project spokesman, neither of these entities formed Karaha Bodas Company, which was formed by, and is presently majority-owned by, affiliates of these entities.