

# Egyptian-American Enterprise Fund

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## Letter from Management

The Egyptian-American Enterprise Fund (“EAEF”) USAID Grant Agreement was signed in March 2013. In accordance with the grant agreement, as of December 31, 2013, we have received \$120 million. We expect to receive an additional \$60 million by mid-year 2014.

The EAEF's primary goal is to increase private sector investments in promising small- and medium-sized enterprises (“SMEs”) in Egypt; to promote and disseminate international commercial best practices; to attract and encourage investment in Egypt from other sources and to generate employment.

I am pleased to report that we have assembled a distinguished board of directors consisting of three Egyptian and five US members. We have one remaining US board seat to fill. The board has been engaged in deliberations and has already demonstrated a strong commitment to the EAEF, performing duties that are above and beyond normal board duties.

We are making progress in building a pipeline of investments and are performing due diligence on the first target.

Earlier this year, I traveled to Cairo with one of our Directors, Hythem El-Nazer, and a representative of the U.S. Department of State to begin the interviewing process to hire a President. As a result, at the end of the year, we were in serious negotiations with our preferred candidate for President of the EAEF.

As the EAEF will open an office in Egypt in 2014, the President will be based in Cairo. We have begun to assemble a first-rate team of Egyptian staff. As Chairman, I will continue to work from New York and will hire one senior person to work with both Cairo and New York.

During our trip to Egypt, we met with Egyptian companies to discuss the EAEF and its mission. We also had interviews including a television interview with Emad Adeeb, the host of CBC Flagship Talk show. This accomplished one of our initial goals of beginning to inform the Egyptian business community about the EAEF.

The EAEF board has been in frequent communication discussing potential investment projects in Egypt. We have also had discussions with Arab and Asian countries regarding the possibility of their respective sovereign wealth funds joining an EAEF parallel fund. In addition, we have had discussions with a number of private sector companies to gauge interest in participating in an

EAEF parallel fund. We have found that there is serious interest, and the EAEF will continue these discussions in the months ahead.

We have had a number of meetings with organizations such as the U.S. Export-Import Bank, the U.S. Overseas Private Investment Corporation and the International Monetary Fund. In addition, we have met with the Egyptian Ambassador to the U.S., the World Bank, and with many Egyptian companies.

We expect to have an active second year. It will be a year of building a sustainable infrastructure and investing our initial funds. We look forward to achieving these goals and reporting next year on our progress.

Very truly yours,

A handwritten signature in black ink, appearing to read "James A. Harmon". The signature is written in a cursive style with a large initial "J".

James A. Harmon  
Chairman of the Board

January 3, 2014