

Euler Hermes Energy

Transforming Risk to Reward

Financial Ratings:



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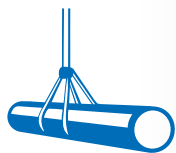
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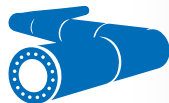
by A.M. Best
Company

Euler Hermes now offers On-Demand Payment (ODP) bonds to replace Letters of Credit in the Energy industry. Release your underutilized working capital to increase liquidity and accelerate your growth.

Opportunities for:



Pipeline Precedent/
Construction Agreements



Pipeline Transportation
Agreements



Processing
Agreements

On-Demand Payment Bonds: A better alternative to Letters of Credit

On-Demand Payment (ODP) bonds by Euler Hermes Energy offer several key advantages:

- 100% risk cover
- Maximizes working capital by reducing the capital constrained by LoC posting requirements
- Mitigates concentration risk
- Bond is unsecured and 'callable' at any time during the coverage period
- Bond pays out within the same time frame as an LoC
- Priced competitively with LoC rates
- Premium paid by Principal
- Participant collateral optionality

How does it work?

ODPs are used to replace Letters of Credit for:

Pipeline Precedent Agreements – ODPs offered for all obligations under standard pipeline construction/precedent agreements. The shipper utilizes the bond as a principal when they are required to post collateral. The Pipeline Developer becomes the bondholder ("obligee") and accepts the bond in lieu of or in conjunction with other required collateral postings.

Pipeline Transportation Agreements – ODPs offered for all obligations under standard short or long term pipeline transportation agreements. The shipper utilizes the bond as a principal when they are required to post collateral. The Pipeline Operator or Owner becomes the bondholder ("obligee") and accepts the bond in lieu of or in conjunction with other required collateral postings.

Commodity Processing Agreements – ODPs offered for all obligations under standard short or long term commodity processing agreements. The producer utilizes the bond as a principal when they are required to post collateral. The Processing Plant Operator becomes the bondholder ("obligee") and accepts the bond in lieu of or in conjunction with other required collateral postings.

To learn more, contact the Euler
Hermes Energy team directly:

Jon Hammond
EH Energy – Stamford (U.S.)
Phone: +1 713.851.9673
Jon.Hammond@eulerhermes.com

Chris Jackson
EH Energy – Houston (U.S.)
Phone: +1 832.209.4680
Chris.Jackson@eulerhermes.com

Pat McKinnon
EH Energy – Houston (U.S.)
Phone: +1 832.209.4682
Pat.McKinnon@eulerhermes.com

Todd Lines
EH Energy – Calgary (Canada)
Phone: +1 403.585.5954
Todd.Lines@eulerhermes.com



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