


GOVERNMENT OF GEORGIA ANNOUNCES THE SALE OF 100% OF KAKHETI ELECTRICITY DISTRIBUTION COMPANY TO ENERGO-PRO GEORGIA

 GEL/US\$:1.6500 GEL/EUR: 2.0810
 Galt & Taggart Index: 246

Government of Georgia (GoG) announces that it has successfully completed the sale of 100% assets of JSC Kakheti Electricity Distribution (“KED”), covering East Georgia, to ENERGO-PRO Georgia (ENERGO-PRO Group, Czech Republic). The consideration to be paid for 100% assets of KED is US\$6.1 million (equivalent to GEL 10.1 million at the exchange rate of the National Bank of Georgia as of 14th November 2008).

KED is one of the four regional electricity distribution companies operating in Georgia, accounting for 3% (0.2 TWh) of the electricity distribution market. Energo-Pro Georgia covers over 70% of the territory of Georgia and serves approximately 875,000 customers. ENERGO-PRO Group acquired in 2007 two distribution companies and six hydro power plants with a total capacity of 362 MW. The consideration paid for these assets was US\$123 million plus investment commitment of US\$140 million over the next 10 years.

Privatisation proceeds booked year to date exceed US\$400 million – a record amount.

“I am delighted to see ENERGO-PRO Georgia’s another investment in Georgian electricity market and wish them success in expanding their business activity in Georgia”, commented **Alexander Khetaguri**, Minister of Energy of Georgia.

| Georgia: Key Economic Data | 2004A | 2005A | 2006A | 2007A |
|-------------------------------------|---------|----------|----------|----------|
| Nominal GDP (GEL mln) | 9,824.3 | 11,621.0 | 13,783.9 | 16,998.6 |
| Real GDP Growth (y-o-y: %) | 5.9% | 9.6% | 9.4% | 12.4% |
| GDP per Capita (US\$) | 1,187.2 | 1,478.4 | 1,758.7 | 2,315.2 |
| CPI (e-o-p; %) | 7.5% | 6.2% | 8.8% | 11.0% |
| Net FDI (US\$ mln) | 483 | 542 | 1,076 | 2,014.8 |
| Current Account Deficit as % of GDP | -6.6% | -10.7% | -14.9% | -18.9% |
| GEL/US\$ (e-o-p) | 1.83 | 1.79 | 1.71 | 1.59 |
| GEL/EUR (e-o-p) | 2.49 | 2.12 | 2.26 | 2.33 |
| Galt & Taggart Index (e-o-p) | 194 | 320 | 790 | 1,041 |

Source: Department of Statistics, Ministry of Economic Development, Ministry of Finance, National Bank of Georgia

Georgia has, as of the date hereof, the following sovereign credit ratings:

| | | |
|-------------------|--|----------------------|
| Standard & Poor’s | Sovereign Credit Rating | ‘B/ Stable/B’ |
| FitchRatings | Long Term Issuer Default Rating/Short Term Issuer Default Rating/Country Ceiling | ‘B+/ Negative /B/B+’ |

Contacts:

Goga Melikidze
 Advisor to Minister of Finance
 +995 32 446 383
 g.melikidze@mof.ge

Levan Mchedlishvili
 Deputy Minister of Energy
 + 995 32 357 806
 l.mchedlishvili@minenergy.gov.ge

Vakhtang Lejava
 First Deputy Minister of Economic Development
 +995 32 923 311
 vlejava@economy.ge