

**PRIVATE AND CONFIDENTIAL****Attention:**

Mr. Koreli Alexsi (technical subdivision)  
Mr. Talakhadze Mamuka (financial subdivision)  
Mr. Peradze Teimuraz (purchases subdivision)

JSC Georgian Railway  
Georgia, Tbilisi 0112,  
15 Tamar Mepe Str.

04 February 2016

**RE: Non Binding Estimate for supply of 45 Electric locomotives and associated services.**

Dear Representatives of JSC Georgian Railway,

Alstom Transport S.A. herewith wishes to express its interest in potential supply of 45 (forty five) electric locomotives to JSC Georgian Railway. Alstom Transport S.A. is keen on JSC Georgian Railway's intent to modernize its locomotive fleet and wishes to assist JSC Georgian Railway in this potential project by utilizing our world recognized experience in design, production and maintenance of locomotives, including but not limited to attractive financing options.

Please find below our product description and additional information which may be used by JSC Georgian Railway for further discussions with Alstom Transport S.A.

**1. PRODUCT DESCRIPTION**

We assume that Alstom Transport S.A. will be ready to manufacture and deliver 3kV freight double section (BoBo + BoBo) electric locomotive with asynchronous drive as defined in the Technical Specifications published by JSC Georgian Railway on its website ([http://railway.ge/?web=0&action=page&p\\_id=698&lang=eng](http://railway.ge/?web=0&action=page&p_id=698&lang=eng)) (hereinafter the "Locomotive"), taking into account our analysis written in document [BAD0003822591\_Technical\_Specification\_Clause\_by\_Clause\_Analysis].

We kindly draw your attention to the fact that Alstom Transport S.A. reviewed and amended aforesaid Technical Specifications through a clause by clause analysis with the objective to locate whether the Locomotive complies with JSC Georgian Railway's requirements.

To optimize the life cycle cost and provide JSC Georgian Railway with the most modern solution, yet proved in operations, Alstom Transport S.A. may use in this potential project its unique platform solution. Our platform solution is a production method of locomotives designed and manufactured specifically for 1520 gauge. It has already proved its conformity with the operational requirements set by our customers, e.g. locomotives purchased by Kazakhstan Railways (KTZ) and Azerbaijan Railways (ADY) successfully proved their high reliability and excellent operational performance in respective countries.

Our analysis and Price Estimate (as defined in Section 6 below) were prepared on the assumptions made in this Letter and with the target of calculating the lowest selling price and providing the highest customer value.

## 2. ASSOCIATED SERVICES

Our Price Estimate given below consists of the selling price of Locomotives and the price of the following associated services:

- Testing and commissioning of the Locomotives;
- Performance of 3-year maintenance and 5-year warranty of each of 45 (forty five) Locomotives;
- Certification of Locomotive and its components;
- Delivery of maintenance documentation;
- Training of maintenance team and the Locomotive drivers;
- Delivery of Locomotive's and its main sub-assembly parts' technical specifications in Russian and Georgian languages.

Concerning the certification of the locomotive and its components, the specification issued by JSC Georgian Railway required compliance with NB ZHT CT 04 98 referential. However this referential will be out of date by august 2016. As a consequence, certification of new locomotive will only be possible according new referential called Technical Regulation of Custom Union. This issue will need to be further discussed between Alstom and JSC Georgian Railway.

## 3. DELIVERY SCHEDULE

Should Alstom Transport S.A. and JSC Georgian Railway enter into a binding transaction on the subject matter hereof, first Locomotive can be delivered in Tbilisi, Georgia, certified and ready for commercial operation not later than 30 (thirty) months from the effective date of respective binding agreement.

Delivery of other Locomotives may be performed within 5 (five) to 7 (seven) years with the quantity of 5 (five) to 7 (seven) Locomotives per annum, provided however that a total quantity of 45 (forty five) Locomotives will be achieved.

Should JSC Georgian Railway wish to reasonably increase intensity of deliveries of Locomotives with the aim to shorten the overall delivery cycle, Alstom Transport S.A. will be ready to satisfy such needs.

## 4. MANUFACTURING SITE & LOCALIZATION

The Locomotive will be designed in France and manufactured at EKZ plant located in Astana, Kazakhstan.

Components of traction systems, train control and monitoring systems of the Locomotive will be manufactured in France at the plants of Alstom Transport S.A. They will then be delivered to EKZ plant for assembly on the Locomotives.

Locomotive testing, validation and certification is planned to be performed in Kazakhstan. However, localization of certain activities in Georgia can be considered as described below.

Localization in Georgia is contemplated and will be subject to further discussion with JSC Georgian Railway to assess the best option to consider. We are ready to make reasonable efforts to localize some activities in Georgia. Analysis will be required to identify the production capabilities of Georgian rolling stock industry and, with support of JSC Georgian Railway, identify the best partner.



We would like to draw your kind attention that our Price Estimate is based on above mentioned manufacturing sites work split hypothesis and might be impaired in case of change on such split.

Nevertheless, we will be happy to enter into discussions with you to identify the localization approach that can satisfy JSC Georgian Railway's needs. This would require additional time to set a reliable plan in order to achieve mutually agreed localization targets.

## 5. MAINTENANCE & WARRANTY

5 years of warranty and 3 years of product maintenance are included in our Price Estimate. This provision is made considering an average yearly mileage of 230,000 km (two hundred thirty thousand kilometers) per Locomotive and a maximum mileage of 690000 km (six hundred ninety thousand kilometers) and 1150000 km (one million one hundred and fifty thousand kilometers) for any locomotive after 3 and 5 years of operation respectively.

- Warranty: Price Estimate considers costs for faulty part replacement or part reparation as well as proper staffing to perform technical analysis new / repaired part installation;
- Maintenance: Price Estimate considers cost for part replacement and necessary staffing to perform maintenance operations. We included provision for servicing (cleaning, sanding box filling, etc.), wheel re-profiling and routine maintenance into our estimate.

Our Price Estimate also includes rental costs for one depot which is considered to have equipment for wheel re-profiling and sanding box filling machine. Thus, we do not consider specific investment for depot renovation or heavy equipment upgrade.

## 6. PRICE ESTIMATE & TERMS OF PAYMENT

Because we assume that the Locomotives might be designed and partially manufactured in Europe, we hereby provide our preliminary Price Estimate in Euro currency.

Preliminary Price Estimate for the scope described in this Letter is **EUR 219,627,000** (two hundred nineteen million six hundred twenty seven thousand euros) (the "**Price Estimate**") without VAT.

The Price Estimate is calculated on the assumption that Alstom Transport S.A. will have a firm order of 45 (forty five) Locomotives, making EUR 4,880,600 (four million eight hundred eighty thousand and six hundred euros) per locomotive without VAT.

Prices stated in this NBE are exclusive of all taxes and duties, including but not limited to withholding tax, value added tax, sales tax, import/custom duties, stamp duties, as well as fees, permits and charges of any kind whatsoever that are or could be applicable in Georgia in connection or relating to the equipment and/or services described in this document.

The Price Estimate is subject to annual adjustment (indexation) which Alstom Transport S.A. and JSC Georgian Railway may discuss. The price indicated is based on indexes dated January 2016.

The Price Estimate considers down payment of 15% (fifteen per cent) of potential project value. Thereafter, terms of payment with balance payable prorata shipment can be adjusted to ensure neutral cash position. Other payment terms and conditions are negotiable.

## 7. DELIVERY CONDITIONS

The locomotives will be delivered CIP Tbilisi as per Incoterms 2010. JSC Georgian Railway shall act as the importer of all equipment and materials and shall be responsible for the customs clearance and payment of any custom duty and import tax applicable in Georgia

## 8. PERFORMANCE SECURITY

The Price Estimate does not include any provision for whatever bond or performance security. JSC Georgian Railway documentation does not mention any material of this type for budgetary estimate stage.

## 9. FINANCING

As described in the attached Financing Letter, Alstom is ready to support JSC Georgian Railway in implementing the financing of the 45 locomotive contract and is happy to provide interest letter from Société Générale and Unicredit HVB.

## 10. GOVERNING LAW & RESOLUTION OF DISPUTES

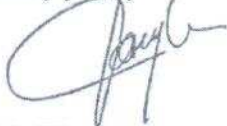
This Letter is governed by, interpreted and construed in accordance with English law. Any dispute arising out of or in connection with this Letter, including any dispute as to its existence, validity or termination, which the parties do not resolve by negotiation, shall be referred for final resolution to the London Court of International Arbitration ("LCIA") in accordance with its Rules, which shall be deemed to be incorporated hereto by reference. The proceedings shall be held in English. The seat of the arbitration shall be London, United Kingdom. The number of arbitrators shall be 3 (three).

## 11. DISCLAIMER

**THIS LETTER IS NOT INTENDED TO BE, AND IS NOT, A LEGALLY BINDING CONTRACT BETWEEN US OR AN INVITATION TO FORM A JOINT VENTURE OR ENTER INTO POTENTIAL TRANSACTION. THIS LETTER SHOULD BE CONSIDERED AS BEING INDICATIVE ONLY AND THEREFORE CAN BE WITHDRAWN AT ANY TIME PRIOR TO SIGNATURE OF APPROPRIATE TRANSACTION DOCUMENTATION. THE PARTIES WILL BE JOINTLY BOUND ONLY IN ACCORDANCE WITH SUCH TERMS AND CONDITIONS AS MAY BE CONTAINED IN THE EXECUTED DEFINITIVE TRANSACTION AGREEMENTS ON THE PROJECT.**

We look forward to discussing the potential project with you and we are prepared to work towards execution and implementation of the transaction expeditiously.

Sincerely yours,



Martin Vaujour  
Senior Vice President  
Alstom Transport S.A.





## Prima locomotives

Sergey Kofman

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# Different needs require flexible solutions

Different operators can have very

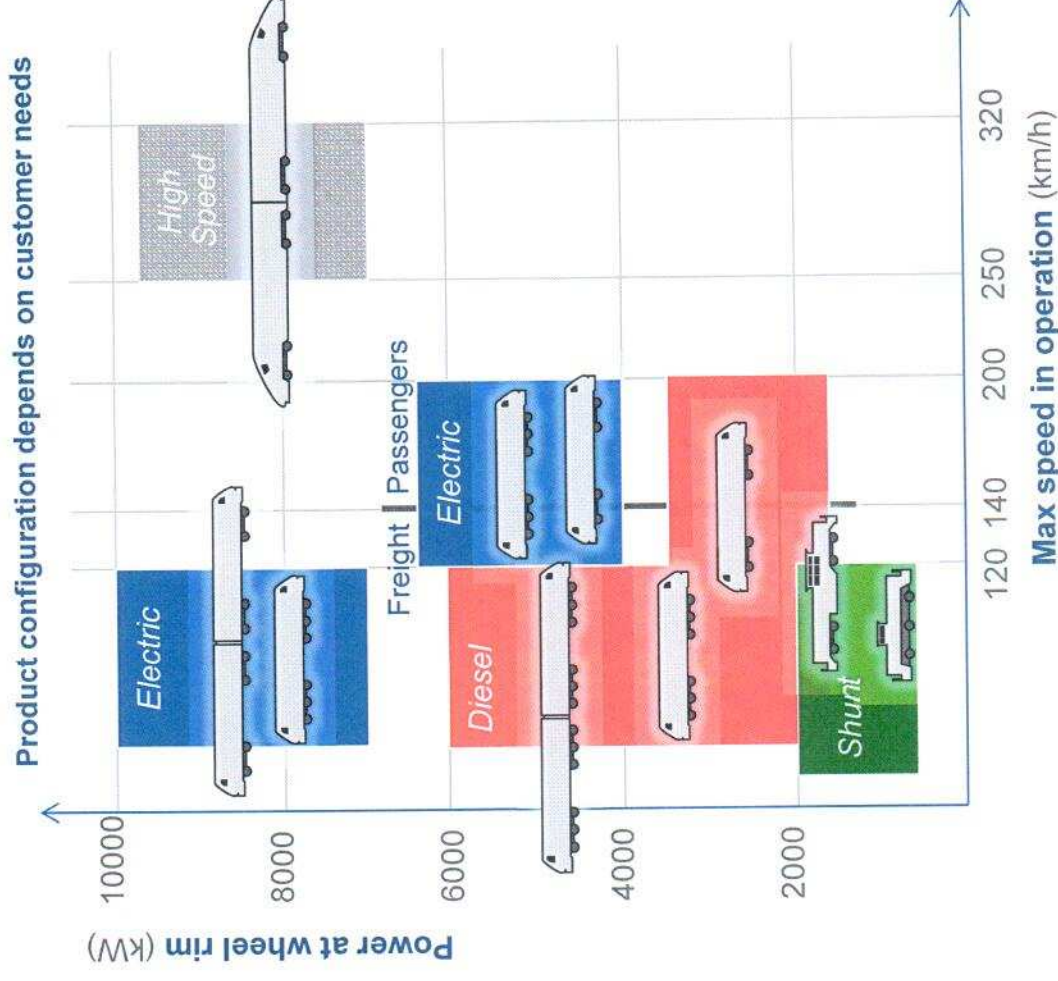
**different customer needs** related to:

- Use & operation – passenger, light freight, heavy freight, works, shunt...
- Performances – speed, power, availability...
- Customization – for specific operator requirements

And varied **context requirements**:

- Infrastructure – electrified or not, both... signaling, voltages...
- Environment – harsh winter, extreme temperatures, high sun exposure, sand, humidity, ...
- Regulations – TSI, GOST, laws...

One size cannot fit all.





# Alstom range of locomotives: Prima

Alstom answer to worldwide diverse operator needs: **a wide range of locomotives with common platforms and modular subsystems.**

## Shunting & Works



4 axles



3 axles



## Multi-configuration



4 axles



6 axles



## Heavy Freight



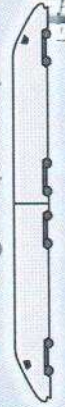
8 axles



6 axles



## High Speed power cars (S)



8 axles



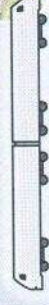
## TMH co-developed locomotives with Prima technology



6 axles



8 axles



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# Prima Shunting & Works Locomotives



**Volkswagen AG**  
H3 Hybrid, 3 units  
V100 Hybrid in service



**Audi**  
H3 Hybrid, 2 units  
Plug-in option



**DB Regio Bayern**  
H3 Hybrid, 5 units



**SBB/CFF/FFS**  
H4 Dual mode, 47 units  
Mainline & Works



## Multiple power options

- Shunting, mainline and track works
- **100-120 km/h max speed**
- **50% less diesel consumption**
- **15% less maintenance cost**
- **50% less emissions, low noise level**
- **Up to 300 kN tractive effort**



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# Prima Multi-configuration locomotives



**ONCF Morocco**

20 units

Freight & Passenger

160 km/h - 3 kV



**KTZ Kazakhstan**

95 units

Passenger

200 km/h - 25 kV



**Veolia France**

31 units

Freight

140 km/h - 3U



**SNCF France**

240 units

Freight

140 km/h - 2U & 3U15



**SNCF France**

67 units

Passenger

140 km/h - 2U



**IRR Iran**

30 units

Passenger

150 km/h - Diesel



**NJT USA**

33 units

Freight

160 km/h - Diesel



**SNCF France**

200 units

Freight

120 km/h - Diesel



Partnership with Siemens

## Cross-border Interoperability

- **Passenger / Mixed / Freight operation.**
- **BoBo** reference solution, CoCo alternative.
- **Multi-voltage** (1.5 kVDC, 3 kVDC, 15 kVAC, 25 kVAC).
- **Up to 6.4 MW.**
- **All climate** versions. TSI & CIS versions, others on request.
- **Up to 140 km/h for freight. Up to 200 km/h for passenger.**
- **Interoperable, cross-border, multi/country corridor configurations.**



New certification in  
Germany & France

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# Prima Heavy-Freight locomotives



## KTZ Kazakhstan

200 double-section units  
Freight - 8800 kW  
120 km/h - 25 kV



## AZ Azerbaijan

50 double-section units  
Freight - 8800 kW  
120 km/h - 25 kV



## IR India

800 double-section units  
Freight - 9000 kW  
120 km/h - 25 kV



IRR Iran  
70 units  
Freight  
110 km/h - Diesel



IRC Israel  
8 units  
Freight  
110 km/h - Diesel



MOR China  
500 units  
Freight  
120 km/h - 25 kV - 9600 kW



MOR China  
180 double units  
Freight  
120 km/h - 25 kV - 10000 kW



## Leader in Electric Heavy Haul

- >1700 e-locos with more than 8000 kW sold.
- Power from 8800 kW to 10000 kW.
- Double BoBo and CoCo versions.
- All climate versions.
- Up to 120 km/h.



- Partnerships (TMH and EKZ)
- Localized production (Kazakhstan, India)
- Transfer of Technology (China)



# Alstom Value

## Commercial

- **European Financing**...low rate, long term
- **Strong supplier**
  - Sustainable business model, relies on several customers in the region, largest loco order in India
  - Tailored solution specifically for the needs of Georgian Railways
- **Permanent regional presence** for support
- **Preferred choice for KZ, AZ**, currently working in Ukraine...better residual value and flexibility

## Technical

- **Common Platform** among several countries...KZ, AZ ordered, Ukraine seriously considers...
  - Preferred choice among several countries...permanent regional presence
  - Return on Experience
  - Better, optimized Service offer...spares, depots, training, technology upgrades, obsolescence management
- **Politically unaffected** supply of spares, technical support, technology upgrades
  - Alternative ways to supply spares from EKZ or from Europe
- **Service**...the largest Service network, the only OEM maintaining other manufactures' fleet
  - Because of quality, and availability performance took over maintenance of BTA fleet in Sweden, Italy
  - Took over maintenance of Chinese / Siemens locos in KZ
- Can introduce modern Service technology for Georgia current fleet

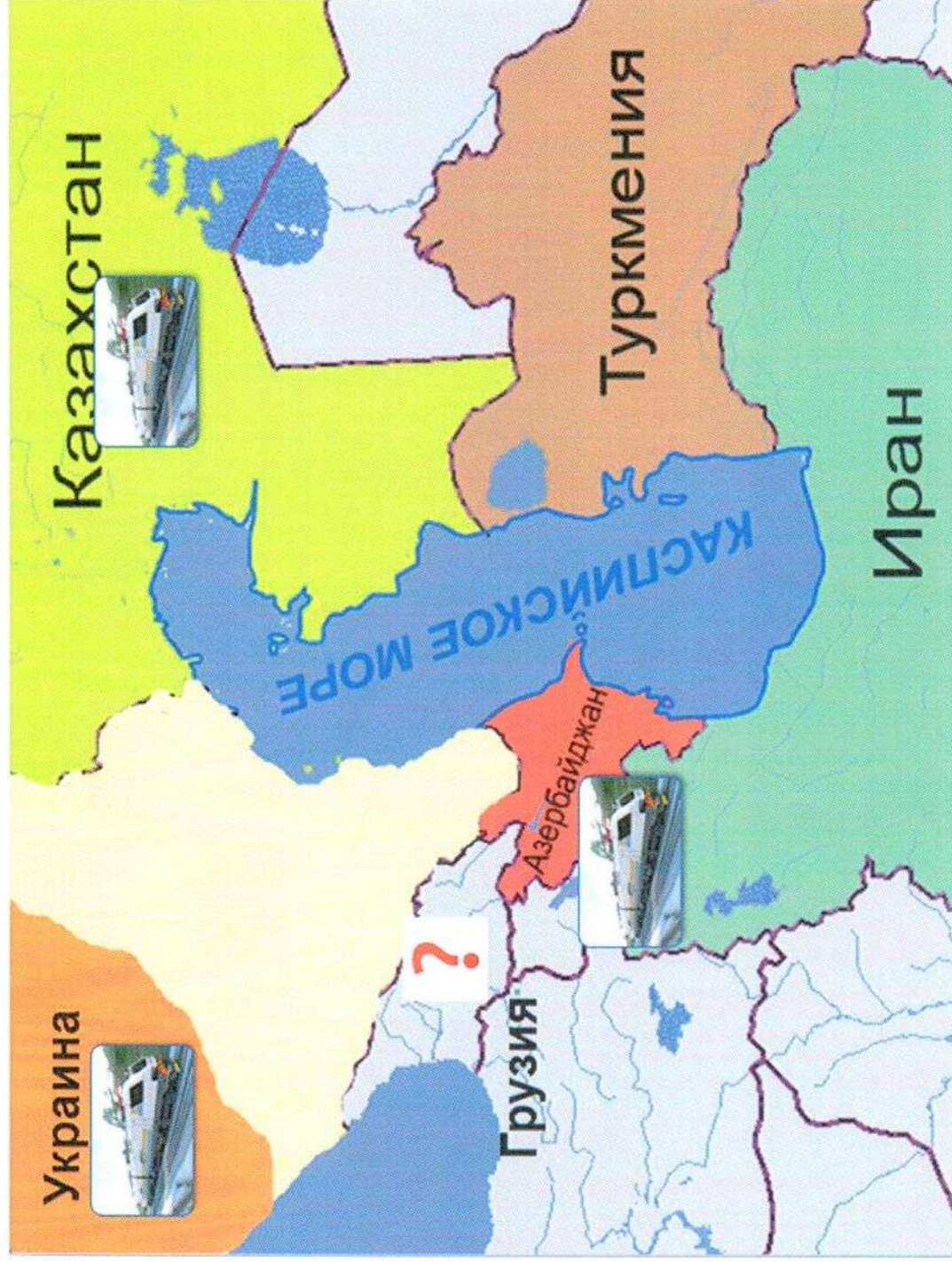
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## Customer's Choice...☺

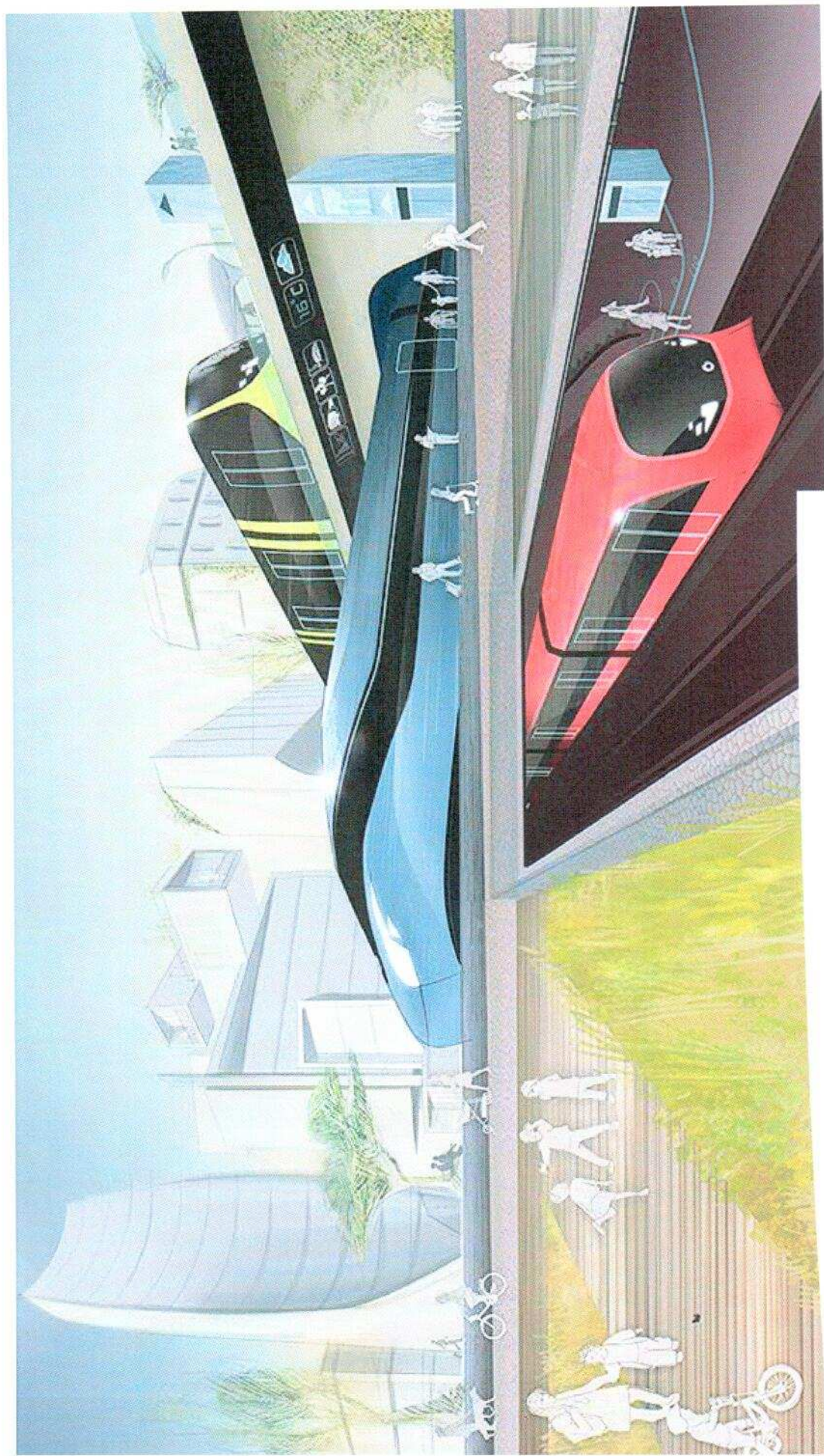


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[www.alstom.com](http://www.alstom.com)

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# TMH & Alstom Electric Locomotives for Russia



## RZD Russia

200 units Bo'Bo'Bo'

Passengers

200 km/h - 25 kV / 3 kV



## RZD Russia

200 double units

Freight - 8400 kW

120 km/h - 25 kV



## Partnership Transmashholding (TMH)

- 33% stake in TMH's equity
- Creation of a 50/50 joint venture
- Technological support
- **Modernization of TMH's facilities**
- Develop **new products** in Russia
- TMH design with Alstom traction from **Prima** technology

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**ALSTOM**



**ALSTOM S.A.**  
48 rue Albert Dhalenne  
93 482 Saint Ouen  
France

To the attention of **Elisabeth Richard** and **Cécile Garric-Dufour**

Paris, January 26<sup>th</sup> 2016

**Ref: Letter of Interest for the financing of 45 locomotives in favor of Georgian Railway**

Dear Ladies,

You informed us that Alstom is willing to bid for the delivery of 45 locomotives to JSC Georgian Railway, Georgia's national railway operator. According to the tender documents, the bidders shall also ensure the financing of the locomotives.

We understand that your commercial contract would amount to approximately EUR 230M, with a sourcing split between France and Kazakhstan (through your local JV EKZ).

We would like to thank you to have approached us on this financing. Société Générale ("SG"), as major player on both transportation financing and Central Asia ECA financing markets, would be willing to consider the financing of your potential contract by way of a COFACE covered buyer credit.

Such financing would have the following features:

- The Buyer (the "**Buyer**") and the Borrower (the "**Borrower**") shall be JSC Georgian Railway.
- The Guarantor (the "**Guarantor**") shall be the Ministry of Finance of Georgia (the "**MOF**").
- The equipment and/or services would be considered as eligible to the COFACE cover.
- Subject to COFACE approval, the requested financing would be structured through:
  - a COFACE Buyer Credit Facility (the "**COFACE Buyer Credit Facility**") which could amount to (i) up to 85% of the eligible contract value and (ii) subject to COFACE approval, up to 100% of the COFACE insurance premium, and



- COFACE would cover a minimum of 95% of political and commercial risks under the ECA Buyer Credit Facility.
- The currency of the financing would be EURO.

Should the above conditions be acceptable to all the parties, SG would be pleased to act as Mandated Lead Arranger ("MLA") and Lender within a club deal for the above mentioned financing.

As per your request, we are pleased to provide you with some preliminary and indicative conditions for the COFACE Buyer Credit Facility that would amount to circa 220 M EUR (financing of the COFACE premium included) and a door-to-door tenor of 13 years (i.e. 3 years of drawing period and 10 years of repayment period) :

- Interest rate: 6-month EURIBOR, plus applicable margin at **1.40% per annum**.
- **Arrangement Fee: 1,05 % flat** calculated on the maximum amount of the COFACE Buyer Credit Facility, payable to the MLA at the date of signing the facility agreement.
- **Commitment Fee:** calculated on the daily undisbursed amount of the COFACE Buyer Credit Facility, from the signature date of the COFACE Buyer Credit Facility at the rate of **(40% of the applicable margin per annum), 0,56 % p.a.** until the end of the available period and payable to the Agent on behalf of the Lenders semi-annually in arrears

Furthermore, SG would also be ready to consider for such a strategic project, (i) a **COFACE Buyer-Credit Facility with a repayment period tenor up to 14 (fourteen) years as per the OECD rules for transportation, should it be acceptable to COFACE, and (ii)** if required by the borrower, and subject to the setting up of the COFACE Buyer Credit, a Tied Commercial Loan Facility (the "**Tied Commercial Loan Facility**"), to finance the required 15% down payment.

Please note that this Letter of Interest does not constitute a commitment of any sort or an offer to commit to any financing. Any commitment would be subject to, inter alia,

- (i) all necessary internal approvals from SG (including credit approvals);
- (ii) COFACE's and all relevant authorities' approvals in France and in Georgia and or in any other relevant jurisdiction;
- (iii) satisfactory completion of due diligence by the Lenders, including but not limited to tax, legal, technical, environmental, reputation, Know your Customer/Compliance and sanctions on all the involved parties;
- (iv) no material adverse change having occurred in the condition of the Borrower and/or the Guarantor, the national or international financial markets, the political, economic, financial, commercial, legal and fiscal environment of the transaction in France and/or in Georgia;
- (v) execution of a legal documentation (including an unconditional and irrevocable MOF guarantee) in terms acceptable to all parties to the transaction,
- (vi) a satisfactory COFACE insurance policy covering a minimum of 95% of political and commercial risks under the COFACE Buyer Credit Facility at terms and conditions acceptable to the Lenders;



- (vii) if relevant, a satisfactory risk mitigant on the Tied Commercial Loan Facility; and  
 (viii) constitution of a satisfactory bank pool.

\*\*\*



**Best Export Finance Bank**

2015 Best in Class Awards  
 Awards created in 2015



**Best DFI Finance Arranging Bank**

June 2015  
 Awards created in 2008  
 Third at  
 Continuously amongst the Top 3 players



**Best Global Export Finance Bank**

December 2014  
 Awards created in 2008  
 Five times #1

SG Export Finance fields a dedicated network of about 80 specialists all over the world. The combination of specialists and one of the world's largest international banking networks has enabled SG to play a major role in export finance over the years. SG has developed a widely recognized expertise in the arrangement of a variety of export credit schemes and continues to retain world's leadership recognition on Export Finance:

- In June 2015, Société Générale Corporate & Investment Banking won the newly-created title of Best Export Finance Bank in the TXF Best in Class Award 2015.
- In June 2015 Société Générale Corporate & Investment Banking was awarded the Best DFI Finance Arranging Bank title in the Trade Finance 2015 Awards for Excellence, for the third consecutive year. SG CIB is the only bank that has continuously ranked among the Top 3 Best Export Finance Arrangers since 1995 when the award was created by TFM.
- In December 2014 Société Générale Corporate & Investment Banking was named Best Global Export Finance Bank by the GTR Leaders in Trade Awards 2014, the fifth time the bank has been voted #1 since 2008 when this award category was established by GTR.
- SG's presence in Georgia: Since 2006, SG benefits from its well-established subsidiary Bank Republic in Georgia. We would also remind that since 2011, SG has already arranged several COFACE Buyer Credit Facility for the Ministry of Finance of Georgia.

Our market leadership and in-depth expertise in Export Finance demonstrates the strength of our business model and the value in delivering advisory, structuring and financing services to our clients globally.

These achievements demonstrate the bank's commitment and expertise providing its clients with first-class service and innovative solutions for their export finance needs. Société Générale's global network and well-established relationships with exporters, importers, borrowers, Export Credit Agencies and multilaterals have been integral in securing favourable financing for the bank's clients.

\*\*\*



Please kindly note that this letter is to be kept strictly confidential and is for the exclusive use of Alstom and JSC Georgian Railway.

We thank you in advance for considering this Letter of Interest as a first step for the structuring of the financing of your future locomotive deliveries.

We remain at your complete disposal to provide you with any supplementary information you may require. Please feel free to contact one of the people in charge of this transaction in SG as listed here below.

Yours faithfully,



**Jean de La Raudière**



**Valérie MACE**

■ Société Générale Paris

**Jean de La Raudière**

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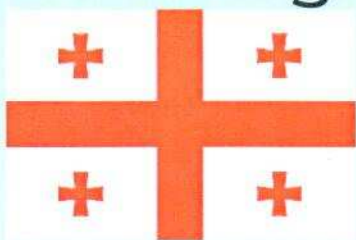
## SG EXPORT FINANCE CENTRAL ASIA SELECTED TRACK RECORD

 <b>KazAgroFinance</b> <b>Agricultural Machinery</b> Commercial Loan	 <b>BakuBus &amp; IVECO</b> <b>Czech Republic</b> EGAP Buyer Credit	 <b>ADY Railways</b> <b>modernization</b> EGAP Buyer Credit	 <b>IBA Road Project</b> Commercial Loan
<b>USD 25.7 M</b> Agent & Mandated Lead Arranger	<b>EUR 32 M</b> Mandated Lead Arranger & Original Lender	<b>EUR 459 M</b> Mandated Lead Arranger & Lender	<b>USD 50.82 M</b> Agent, Mandated Lead Arranger & Lender
2015 Kazakhstan	2015 Azerbaijan	2015 Azerbaijan	2015 Azerbaijan
 <b>Ministry of Finance &amp; BakuBus LLC</b> Euler Hermes Buyer Credit	 <b>BakuBus &amp; IVECO</b> <b>France</b> COFACE Buyer Credit	 <b>Kiyarly Petrochemical Complex</b> Kazakh & R. Sule Buyer Credits	 <b>KTZ &amp; Alstom</b> COFACE Buyer Credit
<b>EUR 53.1 M</b> Mandated Lead Arranger Facility Agent, Euler Hermes Agent	<b>EUR 42.1 M</b> Mandated Lead Arranger Facility Agent, ECA Agent & Original Lender	<b>USD 1.8 BN</b> Mandated Lead Arranger	<b>EUR 157 M</b> Mandated Lead Arranger
2015 Azerbaijan	2014 Azerbaijan	2014 Turkmenistan	2013 Kazakhstan
 <b>AzorEnerji Orbeo CERs</b> Emission Reduction Purchase Agreement	 <b>Ferrochromium Smelter Expansion</b> Euler Hermes Buyer Credit	 <b>Eurocopter/MOF Georgia Helicopters</b> COFACE Buyer Credit	 <b>AzerCosmos Arianespace</b> COFACE Buyer Credit
<b>EUR 10 M</b> Mandated Lead Arranger	<b>EUR 185.13 M</b> Mandated Lead Arranger	<b>EUR 41.5 M</b> Mandated Lead Arranger	<b>USD 98 M</b> Mandated Lead Arranger & Facility Agent
2011 Azerbaijan	2011 Kazakhstan	2011 Georgia	2011 Azerbaijan



Structured Trade & Export Finance

## JSC Georgian Railways, Georgia



Letter of Interest for the ECA-backed financing of the supply of 45 electric locomotives produced by Alstom, France

27. January, 2016

Life is full of ups and downs.  
We're there for both.

Welcome to  
**UniCredit**  
Corporate & Investment Banking



# LETTER OF INTEREST

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To  
Alstom Transport  
Attn. Ms. Cécile Garric-Dufour  
Attn. Ms. Elizabeth Richard  
48 rue Dhalenne  
93482 St. Quen Cedex  
France

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Munich/Paris, 27 January 2016

## Letter of Interest

**COFACE covered financing of the supply of 45 electric locomotives to JSC Georgian Railways in the value of approx. EUR 230,000,000.00**

Dear Ms. Garric-Dufour,

Thank you very much for inviting UniCredit Group ("UniCredit") to express our interest in the arranging of an amortizing ECA-covered term loan facility (the "Facility") for the financing of the supply of 45 electric locomotives to JSC Georgian Railways (the "Project").

## LENDING APPETITE

We, UniCredit, are pleased to communicate our strong interest in considering the arranging/structuring of the financing of the Project, based on the information provided to date. The financing could take the form of a buyer's credit facility ("Facility") between members of UniCredit as Arranger/Lender and JSC Georgian Railways as Borrower under the guarantee of the Ministry of Finance of Georgia, being the ultimate owner of the Borrower. The buyer's credit is anticipated to be covered by the French Export Credit Agency ("ECA") Coface ("Coface"). The Facility would be structured in compliance with the "Arrangement of Guidelines for Officially Supported Export Credits", the so-called OECD Consensus.

UniCredit would consider to finance up to 85% of the Contract Price (to be increased by up to 100% of the related ECA premium at the option of the borrower in the context of a buyer's credit) which is 95% covered by Coface and subject to the approval of the latter.

## CONTENTS OF PROPOSAL

In this Letter of Interest you will find:

- Project understanding and key parties;
- Financing Structure proposal and a first indication of a pricing range for the Financing reflecting today's market environment;
- UCB's Export Finance Credentials and Excerpt of Track Record
- Introduction of the ECA deal team and contacts.



#### UNICREDIT – AN EXPERIENCED AND RELIABLE PARTNER

We believe that UniCredit is well positioned to add substantial value to the Financing having an important track record of successfully concluded ECA covered transactions and being a long standing core partner bank of the companies involved in the Project.

For the avoidance of doubt, this Letter of Interest does not constitute an offer by UniCredit or any of its affiliates to arrange or finance the Project and, it does not and is not intended to create any contractual obligations on UniCredit. A possible financing would depend, as customary, inter alia on satisfactory due diligence and documentation, compliance with applicable laws, compliance with applicable sanctions and is subject to approval of the respective credit committees of the members of UniCredit acting as lender(s) and Coface. This Letter of Interest is not intended to be relied upon by Alstom or any third party and, UniCredit shall not be held responsible for any damages or costs suffered or incurred by Alstom or any third party resulting from such reliance.

We are looking forward to continuing our collaboration with yourselves in this interesting Project and we believe that we will prove to have the know-how and experience necessary to establish and deliver a robust and competitive financial offer tailored to the Project. We would be happy to take a significant role in the transaction process bringing the Project to success. We look forward to further discussions regarding the Project, our proposal and next steps in more detail.

Please feel free to contact any members of the deal team in case there are any clarifications required.

Kind regards,  
UniCredit Bank AG

   
on behalf of                      Martin Duschl  
Anh Thai                              Director  
Director

Christophe Marandon  
Director



## PROJECT UNDERSTANDING AND KEY PARTIES

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<b>Project:</b>	Supply of 45 electric locomotives to JSC Georgian Railways
<b>Export Contract:</b>	Contract between the Alstom and JSC Georgian Railways
<b>Total Contract Value:</b>	approx. EUR 230,000,000.00, exact scope, sub-suppliers and sourcing still to be defined
<b>Importer:</b>	JSC Georgian Railways, Georgia
<b>Exporter:</b>	Alstom, France
<b>Time Schedule:</b>	In accordance with the contractual delivery periods, still to be defined; for the purpose of the Letter of Interest we assume a period approx. 36 months
<b>Borrower:</b>	JSC Georgian Railways, Georgia
<b>Guarantor:</b>	Ministry of Finance of Georgia
<b>Lender for the ECA Facilities:</b>	a member of UniCredit
<b>ECA:</b>	Coface, on behalf of the French Government
<b>Scheduled Utilisation:</b>	Scheduled utilization under the Export Contract is in accordance with the contractual delivery and commissioning schedule, currently estimated at 36 months from the date of signing of the Export Contract.



## Financing Structure proposal and a first indication of a pricing range for the Financing

<b>Facility:</b>	An amortizing ECA covered term loan facility (the “ <b>ECA Facility</b> ”) available for drawing to meet payments under the Export Contract.
<b>ECA Eligible Amount:</b>	Subject to the contractual structure and eligibility, the ECA Facility is expected to finance: <ul style="list-style-type: none"> <li>- a maximum amount of up to 85% of the Total Contract Value being the eligible part of the Export Contract that can be financed under Coface cover;</li> <li>- up to 100% of the premium due to Coface.</li> </ul>
<b>Facility Amount:</b>	approx. <b>EUR 195,500,000.--</b> plus Coface premium
<b>Currency:</b>	EUR
<b>ECA Guarantee:</b>	Coface Guarantee or Insurance in favor of the Lender covering 95% commercial and political risks on the Facility Amount and interest accrued.
<b>Collateral:</b>	Unconditional and irrevocable first demand guarantee to be issued by the Guarantor in form and substance acceptable to the ECA and the Lender.
<b>Availability Period:</b>	tbd
<b>Starting Point:</b>	to be determined jointly with the Borrower and Coface depending on the nature of the Export Contract (e.g. mean weighted delivery date per locomotive with tranches per year of delivery).
<b>Repayment:</b>	The Facility shall be repaid through up to 20 equal, consecutive, semi-annual instalments the first of which falling due 6 months after the Starting Point
<b>Interest:</b>	<p><u>EUR Floating rate:</u> six (6) month EURIBOR plus the Margin</p> <p><u>EUR Fixed rate:</u> After full disbursement of the facility a fixed interest rate can be determined on the Borrower's demand.</p> <p>Interest shall be computed and paid semi-annually and calculated on amounts outstanding on actual days elapsed and a year of 360 days. The first interest payment shall be payable 6 months after the first drawdown date.</p>
<b>EUR-Margin:</b>	in a range of [1.80 – 2.00] % p.a, payable semi-annually in arrears, calculated for the amounts outstanding
<b>Up-front Fee:</b>	in a range of [0.90 – 1.10] % flat calculated on the total amount of the Facility
<b>Commitment Fee:</b>	in a range of [0.50 – 0.70] % p.a. calculated on the undisbursed Facility Amount
<b>Agency Fee:</b>	tbd
<b>ECA Premium:</b>	Coface premium will be approximately 11 %- 12 % of the loan amount. The calculation of the premium will be made by Coface at its sole discretion and the indication is without any obligation on our part.








## UCB and UCB's Export Finance Credentials

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- UniCredit Bank AG Rating: 'BBB' negative outlook (S&P), 'Baa1' – stable (Moody's), 'A-' - negative outlook (Fitch).
- UniCredit Bank AG is member of UniCredit Group, a leading European banking group and largest corporate lender in Europe, with an international network spanning more than 50 countries and home markets in 17 countries.
- UniCredit Group which has the largest network of banks in Western, Central and Eastern Europe.
- UniCredit Bank AG is well represented in CEE and CIS countries, in Russia through the UniCredit Group member AO UniCredit Bank.
- Our Structured Trade and Export Finance ("STEF") team with hubs in Paris, Moscow, Munich, Vienna, Prague, Milan and Rome, part of UCB's Corporate and Investment Banking, delivers tailor-made solutions to clients across all sectors. The team of 90 highly experienced professionals provides arranging and advisory services for the financing of capital goods/related services on a global basis.
- More than 3,000 ECA-covered transactions are testament to STEF's strong track record as arranger, advisor, coordinator and lender in more than 60 countries.
- Our long-term relationship and close business ties with ECAs worldwide combined with strong contacts to Russia, CIS and European exporters and importers is a solid foundation for our success in executing complex transactions.

## Export Finance Track Record – Excerpt of 2013 - 2015

<p>Industrial furnaces</p>  <p>EUR 6,100,000 Euler Hermes covered Buyer's Credit Sole Lender Russia, Sept., 2015</p>	<p>TUI Cruises</p>  <p>undisclosed</p> <p>2 Finnvera covered Term Loan Facilities Bookrunner, MLA Germany, July 2015</p>	<p>Telecom Sector</p> <p>UNDISCLOSED EUR 150,000,000 ECA covered Buyer Credit Borrower: UNDISCLOSED ECA: UNDISCLOSED UC BA AG Sole Lender Russia, 2015</p>	<p>Telecommunications equipment</p>  <p>EUR 174,000,000 ECA Buyer Credit Borrower: Telecom Italia ECA: Finnvera UC BA AG Sole Lender Italy, 2015</p>
<p>SOCAR Turkey Aegean Refinery</p>  <p>USD 3,290,000,000 Project Finance Sole Financial Adviser, MLA, Intercreditor &amp; Security Agent, Hedge Coordinator 2014 (Turkey)</p>	<p>Equipment for Balabanli Wind Farm</p>  <p>EUR 47,500,000 Buyer's Credit under ECA insurance (EKF) MLA, Lender, EKF Agent Turkey, Feb 2014</p>	<p>MoF Mongolia National Centre for Maternity and Children Health Ulan Bataar</p>  <p>EUR 7,000,000 OeKB covered Soft Loan Facility UC BA AG Sole Lender Mongolia, 2014</p>	<p>Chemical Sector</p> <p>UNDISCLOSED</p> <p>EUR 206,000,000 ECA covered Buyer Credit ECA: UNDISCLOSED UC BA AG as MLA Russia, 2014</p>
<p>Equipment for Natalka Mine</p>  <p>EUR 44,900,000 (USD eq.) Buyers Credit covered ECA: OeKB Borrower: OJSC Matroskova Mine Guarantor: Polyus Gold Sole lender Russia, Apr 2013</p>	<p>Construction of a HRPC</p>  <p>EUR 420,000,000 ECA cov. Buyer's Credit MLA, Original Lender, SACE Agent Russia, Nov 2013</p>	<p>Hot-rolling Tube Mill</p>  <p>USD 310,000,000 Euler Hermes covered Buyer's Credit MLA, ECA &amp; Facility Agent USA, Nov 2013</p>	<p>Viking Ocean Cruises</p>  <p>EUR 85,301,627 Buyer's Credit covered MLA, Lender &amp; Agent Bermuda, Mar 2013</p>



## UNICREDIT ECA DEAL TEAM AND CONTACTS

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### **Imprint**

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Corporate & Investment Banking  
UniCredit Bank AG, Munich  
as of 27 January 2016



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