

AGREEMENT BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
AND THE GOVERNMENT OF GEORGIA
REGARDING THE RESCHEDULING OF
CERTAIN DEBTS OWED TO, GUARANTEED BY, OR INSURED BY
THE UNITED STATES GOVERNMENT

The Government of the United States of America (the "United States") and the Government of Georgia ("Georgia") agree as follows:

ARTICLE I

Application of the Agreement

1. In accordance with the recommendations contained in the Agreed Minute on the Consolidation of the Debt of Georgia, signed at Paris on July 21, 2004, (hereinafter referred to as the "Minute") by representatives of certain nations, including the United States (hereinafter referred to as the "Participating Creditor Countries"), and by the representative of Georgia, the United States and Georgia agree to reschedule certain Georgian payments with respect to debts which are owed to, guaranteed by, or insured by the United States Government as set forth in this Agreement.

2. This Agreement will be further implemented by a separate agreement (the "Implementing Agreement") between Georgia and the United States Department of Agriculture ("USDA") with respect to the P.L.-480 agreements.

ARTICLE II

Definitions

1. "Contracts" means those USDA P.L.-480 agreements that have maturities of more than one year and which were extended to Georgia or to the National Bank of Georgia, or covered by their respective guarantees, pursuant to an agreement or other financial arrangement concluded before November 1, 1999.

Debt service due as a result of debts described above and effected through special payment mechanisms or other external accounts is covered by this Agreement.

A table listing the relevant Contracts to be included under this rescheduling is attached hereto as Annex A.

2. "Consolidation Period" means the period from (i) June 1, 2004 through December 31, 2004, inclusive, if the conditions of Article IV, paragraph 1 of this Agreement are satisfied; (ii) June 1, 2004 through December 31, 2005, inclusive, if the conditions set forth in Article IV, paragraph (2) of this Agreement are satisfied; and (iii) June 1, 2004 through December 31, 2006, inclusive, if the conditions set forth in Article IV, paragraph 3 of this Agreement are satisfied.

3. "Consolidated Official Development Assistance (ODA) Debt" means 100 percent of the sum of unpaid principal and interest falling due during the Consolidation Period with respect to the Contracts specified in Paragraph 1 of this Article.

4. "Consolidated ODA Arrears" means fifty (50) percent of the sum of principal and interest, including Late Interest Charges, with respect to the Contracts specified in Paragraph 1 of this Article, which was due and unpaid as of May 31, 2004.

5. "Deferred ODA Arrears" means those sums of principal and interest, including Late Interest Charges, with respect to the Contracts specified in Paragraph 1 of this Article, which were due and unpaid as of May 31, 2004 and that are not included within Article II, paragraph 4 of this Agreement.

6. "Late Interest Charges" means interest payable on due but unpaid amounts of principal and interest, such charges having accrued through May 31, 2004, inclusive in accordance with the terms of the Contracts

7. "Interest" means interest payable on Consolidated ODA Debt, Consolidated ODA Arrears, and Deferred ODA Arrears in accordance with the terms of this Agreement. Interest shall accrue at the rates set forth in this Agreement beginning on the due dates specified in each of the Contracts for the payments of principal and interest comprising the Consolidated ODA Debt, and beginning on June 1, 2004 for each of the payments comprising the Consolidated ODA Arrears and Deferred ODA Arrears.

8. "Additional Interest" means interest accruing at the rates set forth in this Agreement and the Implementing Agreement on due but unpaid installments of Consolidated ODA Debt, Consolidated ODA Arrears, and Deferred ODA Arrears and Interest beginning on the respective due dates for such installments as established by this Agreement and continuing to accrue until such amounts are repaid in full.

ARTICLE III

Terms and Conditions of Payment

1. Georgia agrees to repay the Consolidated ODA Debt and Consolidated ODA Arrears in United States dollars in accordance with the following terms and conditions:
 - (a) The Consolidated ODA Debt and Consolidated ODA Arrears shall be repaid in twenty (20) semi-annual, equal and successive installments, the first one to be made on March 1, 2016 and the last one to be made on September 1, 2025.
 - (b) The rate of Interest on Consolidated ODA Debt, Consolidated ODA Arrears and Additional Interest for USDA P.L.-480 credits shall be fixed at 2.25 percent per year.

- (c) Interest with respect to Consolidated ODA Debt and Consolidated ODA Arrears will be paid on March 1 and September 1 of each year, commencing on March 1, 2005.
2. Georgia agrees to repay the Deferred ODA Arrears in United States dollars in accordance with the following terms and conditions:
- (a) Deferred ODA Arrears shall be repaid as follows:
- | | |
|----------------------------|-----------------------|
| 11.0% on December 1, 2004; | 10.5% on June 1, 2005 |
| 10.5% on December 1, 2005; | 9.0% on June 1, 2006 |
| 9.0% on December 1, 2006; | |
- (b) The rate of Interest on Deferred ODA Arrears and Additional Interest for USDA P.L.-480 credits shall be fixed at 2.25 percent per year.
- (c) Interest with respect to Deferred ODA Arrears will be paid on June 1 and December 1 of each year, commencing on June 1, 2005.

A table summarizing the amount of Consolidated ODA Debt, Consolidated ODA Arrears and Deferred ODA Arrears owed to the United States if the Consolidation Period covers the period from June 1, 2004 to December 31, 2004 is attached hereto as Annex B1. A table summarizing the amount of Consolidated ODA Debt, Consolidated ODA Arrears and Deferred ODA Arrears owed to the United States if the Consolidation Period covers the period from June 1, 2004 to December 31, 2005 is attached hereto as Annex B2. A table summarizing the amount of Consolidated ODA Debt, Consolidated ODA Arrears and Deferred ODA Arrears owed to the United States if the Consolidation Period covers the period from June 1, 2004 to December 31, 2006 is attached hereto as Annex B3.

ARTICLE IV

General Provisions

1. The Consolidation Period is the period from June 1, 2004 to December 31, 2004, inclusive, provided that Georgia continues to have a Poverty Reduction and Growth Facility (PRGF) arrangement with the International Monetary Fund (IMF).
2. The Consolidation Period shall be extended to cover the period from January 1, 2005 to December 31, 2005, inclusive, if:
- a) the Executive Board of the IMF approves the 2nd year arrangement under Georgia's PRGF before May 2005; and (b) Georgia has made all payments due under this Agreement and under any other bilateral agreements with Participating Creditor Countries referred to in the Minute. The longer Consolidation Period will be effective on the date the Chairman of the Paris Club notifies

Georgia that the conditions set forth in sections (a) and (b) of this paragraph have been met. If the above conditions are not met, all amounts, which are due and payable under the Contracts after December 31, 2004, shall be payable according to the terms of such Contracts.

3. The Consolidation Period shall be extended to cover the period from January 1, 2006 to December 31, 2006, inclusive, if: a) The Executive Board of the IMF has approved the 3rd year arrangement under Georgia's PRGF before April 2006; and (b) Georgia has made all payments due under this Agreement and under any other bilateral agreements with Participating Creditor Countries referred to in the Minute. The longer Consolidation Period will be effective on the date the Chairman of the Paris Club notifies Georgia that the conditions set forth in sections (a) and (b) of this paragraph have been met. If the above conditions are not met, all amounts, which are due and payable under the Contracts after December 31, 2005, shall be payable according to the terms of such Contracts.

4. Georgia will seek to secure from all external creditors not participating in the Minute, but including banks and suppliers, rescheduling or refinancing arrangements on terms comparable to those set forth in the Minute for credits of comparable maturities and legal nature committing to avoid treatment more favorable than that accorded to the Participating Creditor Countries under the Minute, as more specifically defined in the Minute.

5. Georgia agrees to pay all Consolidated ODA Debt, Consolidated ODA Arrears, Deferred ODA Arrears, Interest, and Additional Interest, if any, to the United States in United States dollars without any deductions for taxes, fees or other charges or any other costs accruing inside or outside Georgia.

6. Georgia agrees to pay all debt service due and not paid as of July 21, 2004, which is owed to, guaranteed by, or insured by, the United States, but which is not covered by this Agreement, as soon as possible but no later than January 31, 2005. Late Interest Charges will be charged on these amounts in accordance with the terms of the respective agreements.

7. Any installment due under this Agreement prior to the date of the signing of this Agreement shall be paid as soon as possible, but not later than 35 days after the signing of this Agreement. Any principal or interest installments paid later than 35 days after the signing of this Agreement will be charged Additional Interest.

8. All terms of the Contracts remain in full force and effect, except as they may be modified by this Agreement.

ARTICLE V

Suspension or Termination

1. The United States may suspend or terminate this Agreement by giving sixty (60) days written notice to Georgia. In particular, the United States may terminate all or part of this Agreement if the Participating Creditor Countries determine that Georgia has not met its obligations under the Minute, including that of comparable treatment. If the United States terminates all or part of this Agreement, all debts rescheduled under this Agreement shall be due and payable immediately according to terms of the original Contracts, following notification to Georgia of termination of the Agreement.
2. This Agreement may be amended or modified by mutual consent of the United States and Georgia.

ARTICLE VI

Entry into Force

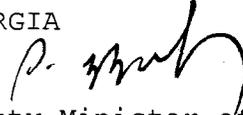
This Agreement shall enter into force upon an exchange of letters indicating that the parties have satisfied their respective domestic legal procedures for entry into force of the Agreement.

Done at Tbilisi, Georgia, in the English language, this 18 day
of November, 2005.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA


U.S. Ambassador to Georgia

FOR THE GOVERNMENT OF
GEORGIA


Deputy Minister of Finance of
Georgia

Annex A
Contracts Subject to Rescheduling

United States Department of Agriculture
PL- 480 Agreements

6/03/1997
3/04/1998
8/02/1999

Annex B1
Summary of Consolidated ODA Debt, Consolidated ODA
Arrears and Deferred ODA Arrears
(thousands of US\$)

USDA \$ 3,687

Annex B2
Summary of Consolidated ODA Debt, Consolidated ODA
Arrears and Deferred ODA Arrears
(thousands of US\$)

USDA \$ 6,019

Annex B3
Summary of Consolidated ODA Debt, Consolidated ODA
Arrears and Deferred ODA Arrears
(thousands of US\$)

USDA \$ 8,317