

**February 7<sup>th</sup>, 2007****Variant 1****REFERENCE****for the construction of «Commercial Black Sea Port YACONTO»  
and an establishment of Tuapse Naval Base with shared infrastructure  
in Tuapse region of Krasnodar Territory**

YACONTO LLC (Russia, Moscow) has developed and proposed for implementation a non-state investment YACONTO Integrated Program of nationwide significance, which consists of major promising projects and programs as per the YACONTO List of Projects from 09.05.2005 which are to be implemented in Russia at the expense of extrabudgetary funding and other investment resources.

YACONTO Integrated Program, aimed at socio-economic development and strengthening of defense and security of Southern Russia, includes the construction of a modern «Commercial Black Sea port YACONTO» in Shepsie rural area of Tuapse region of Krasnodar Territory, for transshipping over 100 million tons of cargo per annum and an establishment of a Tuapse Naval Base (TNB) as the main basing and reparation point for the Russian Black Sea Fleet ships (including those subject to withdrawal from Ukraine), both «YACONTO Port» and the TNB having shared production, transportation and social infrastructures.

Shepsie rural area has necessary conditions for the creation of the «YACONTO Port», TNB and their shared infrastructure: mountainous terrain of the coastal area, deep water near the shore, lack of large settlements and significant objects, favorable climate and weather conditions, making the most effective year-round use of the «YACONTO Port» and the TNB.

«YACONTO Port» is proposed to be built on the coastal mountainous territory between the Vesna and Dederkoi settlements (3.6 km), which bears no ecological value and is not suitable for public recreation and tourism.

The TNB is proposed to be built on the coastal mountainous territory between the Dederkoi and Shepsie settlements (2.3 km), or between Shepsie and Vishnevka settlements (3.8 km), which bears no ecological value whatsoever and is not suitable for public recreation and tourism. Merging both alternatives into a single TNB territory with a segregation of a coastal strip 6.1 km long is also an option.

The implementation of the YACONTO Integrated Program will provide the «YACONTO Port», TNB and their common infrastructure with electricity, heat, gas, drinking quality water, petroleum products, as well as provide modern comfortable housing and jobs to the local residents, attracted civil specialists and military personnel transferred to reserve or retired due to the reform of the Armed Forces of Russia which will significantly reduce the time and funds to build the «YACONTO Port», TNB and their infrastructure.

In addition, the YACONTO Integrated Program will provide significant growth in industrial and agricultural production of Southern Russia through better use of rail, road, pipeline, water and air transport and improve the socio-economic and political situation in the North Caucasus and strengthen Russia's defense and security in the Azov-Black Sea basin.

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*(The Russian text of this letter is an original.)*