

February 7th, 2007

Variant 2

REFERENCE**for the construction of a «Commercial Black Sea Port YACONTO»
with production, transport and social 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 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 with respective production, transport and social infrastructure

Shepsie rural area has necessary conditions for the creation of the «YACONTO Port» and its 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».

«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 implementation of the YACONTO Integrated Program will provide the «YACONTO Port» and its 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» and its infrastructure.

YACONTO LLC has developed a scheme to attract major long-term financial resources for the implementation of the YACONTO Integrated Program in the Tuapse region of Krasnodar Territory, including the redemption of apartment houses, boarding houses, sanatoriums and other civilian objects in the zone of interest of the said Program.

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.

Pre-design, project and construction work for the creation of a «YACONTO Port» and its infrastructure are proposed to be carried out simultaneously, which will fully comply with the solution of the socio-economic challenges in Southern Russia.

**President
of YACONTO LLC**

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