

Dear Shareholders,

On October 28<sup>th</sup>, 2008 the Supervisory Board of JSC Caucasus Energy & Infrastructure (“CEI”) met to discuss the recent decline in the CEI share price and the reasons behind it. The board agreed that the decline was caused by the global liquidity crunch, large-scale redemptions that some CEI shareholders were facing for the end of the year and relatively low liquidity of the stock.

Given the selling pressure that the CEI stock is currently under, the long term nature of the company’s investment projects, and the presence of sufficient liquidity to finance the company’s operations and investment needs tentatively up until 2010-2011, the board decided to call an extraordinary shareholders’ meeting (the “ESM”) on December 12, 2008 to approve the following proposal (the “REPO”):

- a) The CEI shareholders will be entitled to sell up to 60% (sixty percent) of their stake holding in the company back to CEI at (the GEL equivalent) price of US\$ 0.70 (seventy US\$ cents) per share, which represents a 1% discount to the company’s current market price;
- b) In case of participation in the above transaction, the shareholders will be entitled to buy back the same amount of CEI shares in December 2009, at a price which will equal the company’s net asset value (NAV) per share at that time.

Since the above transaction may seriously alter the ownership structure of the company and make it susceptible to the potentially hostile moves, simultaneously to the above, the CEI shareholders will have to approve the following change in the CEI charter:

1. A clause regarding the company liquidation will be removed completely from the subparagraph 7.3.1 into a new subparagraph 7.3.13. The new subparagraph would specify that the decision concerning the company liquidation as well as any changes in the company charter regarding the company liquidation shall be approved by no less than 95 % (ninety five per cent) voting rights present at the shareholders’ meeting, instead of 75%, as stated currently.

If the above proposal is approved at the ESM on December 12, 2008, the shareholders willing to participate in the REPO transaction will have 7 calendar days (i.e. until December 19, 2008) to submit a written offer to the company’s management with the exact number of shares they are willing to sell back to CEI. The proceeds, net of transaction charges, will be wired to the shareholders’ account until the end of 2008. The exact price as well as other details of the re-purchase transaction will be announced closer to the transaction date, i.e. in 4Q, 2009.

We would like to remind investors that currently the company’s NAV per share exceeds \$1.00, therefore, we would advise shareholders against participating in the REPO transaction, unless they face severe shortages of liquid funds.

**The Extraordinary Shareholders’ Meeting of CEI will be held on December 12, 2008 at 11.00.**

**The Record Date: October 31, 2008.**

The address: 11 Gagarin’s 2<sup>nd</sup> Lane, Tbilisi, Georgia.

Contact persons:

Archil Mamatelashvili  
Tel: +995 32 383153  
E-mail: [amamatelashvili@cei.ge](mailto:amamatelashvili@cei.ge)

Baia Gogishvili  
Tel: +995 32 383153  
E-mail: [bgogishvili@cei.ge](mailto:bgogishvili@cei.ge)

About Caucasus Energy & Infrastructure

Caucasus Energy & Infrastructure (“CEI”) is a joint stock company organized under the laws of Georgia. CEI invests in companies that are engaged in the production, transmission and distribution of gas and electricity, the production, distribution and marketing of crude and oil products, water utilities, cargo warehousing and logistics, toll roads, waste management and recycling, as well as in various carbon emission trade-related opportunities in Georgia, Armenia and Azerbaijan. As such, the Company believes that it is currently the sole investable vehicle admitted to trading on the GSE, which offers investors broad exposure to the energy and infrastructure segments of the economy in Transcaucasia.

About Galt & Taggart Asset Management

Galt & Taggart Asset Management (“GTAM”) is an asset management arm of JSC Bank of Georgia. Established in 2007, GTAM acts as an investment advisor to several investment funds, Georgia’s second largest pension fund and an endowment with the aggregate AUM in excess of \$150 million as at September 30, 2008.

For further information, please visit [www.cei.ge](http://www.cei.ge) or contact:

**Bidzina Bejuashvili**  
Chief Executive Officer, GTAM  
+995 32 444 154  
[bbejuashvili@gtam.ge](mailto:bbejuashvili@gtam.ge)

**Nata Papelova**  
Head of PR, GTAM  
+995 32 444 444 (79009)  
[npapelova@gtam.ge](mailto:npapelova@gtam.ge)

**Archil Mamatelashvili**  
Chief Executive Officer, CEI  
+995 32 447 838  
[amamatelashvili@cei.ge](mailto:amamatelashvili@cei.ge)