

FIRST AMENDMENT

TO

MILLENNIUM CHALLENGE COMPACT

BETWEEN

THE UNITED STATES OF AMERICA

ACTING THROUGH

THE MILLENNIUM CHALLENGE CORPORATION

AND

THE GOVERNMENT OF GEORGIA

FIRST AMENDMENT TO MILLENNIUM CHALLENGE COMPACT

This FIRST AMENDMENT TO MILLENNIUM CHALLENGE COMPACT (this "*Amendment*"), dated as of November 20, 2008 is made by and between the United States of America, acting through the Millennium Challenge Corporation, a United States government corporation ("*MCC*"), and the Government of Georgia (the "*Government*") (each referred to herein individually as a "*Party*" and collectively, as the "*Parties*"). All capitalized terms used in this Amendment that are not otherwise defined herein have the meanings given to such terms in the Compact (as defined below).

RECITALS

WHEREAS, the Parties entered into that certain Millennium Challenge Compact by and between the United States of America, acting through MCC, and the Government, on September 12, 2005 (the "*Compact*"), pursuant to which MCC granted to the Government, subject to the terms and conditions of the Compact, an amount not to exceed Two Hundred Ninety-Five Million Three Hundred Thousand United States Dollars (US\$295,300,000) for a program to reduce poverty through economic growth in Georgia;

WHEREAS, MCC now desires to grant additional funding to the Government in an amount not to exceed One Hundred Million United States Dollars (US\$100,000,000) to cover shortfalls in the original budget for the Projects and allow completion of the Projects as originally contemplated by the Compact (the "*Additional Funding*"); and

WHEREAS, the Parties desire to amend certain parts of the Compact as more fully described herein to memorialize the Additional Funding;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements set forth herein and in the Compact, the Parties hereby agree as follows:

AMENDMENTS

1. Amendment to Section 2.1(a).

Section 2.1(a) (*MCC's Contribution*) of the Compact is amended and restated to read as follows:

"(a) MCC's Contribution. MCC hereby grants to the Government, subject to the terms and conditions of this Compact, an amount not to exceed Three Hundred Ninety-Five Million, Three Hundred Thousand United States Dollars (US\$395,300,000) ("*MCC Funding*") during the Compact Term to enable the Government to implement the Program and achieve the Objectives."

2. Amendment to Section 5.1.

Section 5.1 (*Communications*) of the Compact is amended by (i) deleting the text that reads "Email: lashanidze@mcg.ge" from the notice information for Millennium Challenge Georgia Fund ("*MCG*") and (ii) replacing the notice information for MCC with the following:

"To MCC:

Millennium Challenge Corporation

Attention: Vice President, Compact Implementation

(with a copy to the Vice President and General Counsel)

875 15th Street, N.W.

Washington, DC 20005

United States of America

Telephone: +1 (202) 521-3600

Facsimile: +1 (202) 521-3700

Email: VPImplementation@mcc.gov (Vice President, Compact Implementation);
VPGeneralCounsel@mcc.gov (Vice President and General Counsel)"

3. Amendment to Section 5.2.

Section 5.2 (*Representatives*) of the Compact is amended by deleting the phrase "Vice President for Country Programs" from the first sentence thereof and replacing it with "Vice President, Compact Implementation."

4. Amendment to Section 5.11.

Section 5.11 (*Signatures*) of the Compact is amended by deleting the phrase "or an amendment to this Compact pursuant to Section 5.3" from the first sentence thereof.

5. Amendment to Exhibit A.

Exhibit A (*Definitions*) of the Compact is amended by amending and restating the definitions of "Compact," "MCA" and "Principal Representative" appearing therein to read as follows:

"*Compact* means the Millennium Challenge Compact made between the United States of America, acting through the Millennium Challenge Corporation and the Government of Georgia, as amended or otherwise modified from time to time."

"*MCA* means the Millennium Challenge Account."

"*Principal Representative* shall have has the meaning set forth in Section 5.2."

6. Amendment to Schedule 1 to Annex I.

Schedule 1 to Annex I (*Regional Infrastructure Rehabilitation Project*) of the Compact is amended by amending and restating Section 2(a)(i) thereof to read as follows:

"(i) Sub-Activities. MCC Funding will be used to rehabilitate or construct, as applicable, the road sections set out below (the "*Project Road*"), as well as (1) rehabilitate and improve existing bridges along the Project Road alignment, (2) improve existing drainage facilities along the road alignment, (3) provide road safety features, and (4) provide local access and ancillary structures:

(A) Teleti-Koda-Tsalka;

- (B) Tsalka-Ninotsminda;
- (C) Ninotsminda – the Armenian border;
- (D) Akhalkalaki - the Turkish border; and
- (E) Khertvisi to Vardzia.”

7. Amendment to Exhibit A to Annex II.

Exhibit A to Annex II (*Multi-Year Financial Plan*) of the Compact is amended by inserting a new table at the end thereof to read as set forth in Attachment I to this Amendment, which table sets forth the allocation of the Additional Funding and supplements the information contained in Exhibit A to Annex II.

GENERAL PROVISIONS

8. Further Assurances.

Each Party hereby covenants and agrees, without necessity of any further consideration, to execute and deliver any and all such further documents and take any and all such other action as may be reasonably necessary or appropriate to carry out the intent and purpose of this Amendment.

9. Effect of this Amendment.

From and after the Amendment Effective Date (as defined below), the Compact and this Amendment shall be read together and construed as one document, and each reference in the Compact to the “Compact,” “hereunder,” “hereof” or words of like import referring to the Compact, and each reference to the “Compact,” “thereunder,” “thereof” or words of like import in any Supplemental Agreement or in any other document or instrument delivered pursuant to the Compact or any Supplemental Agreement, shall mean and be construed as a reference to the Compact, as amended by this Amendment.

10. Limitations.

Except as expressly amended by this Amendment, all of the provisions of the Compact remain unchanged and in full force and effect.

11. Amendment Effective Date.

This Amendment shall enter into force on the date of the last letter in an exchange of letters between the Principal Representatives of each Party confirming that each Party has completed its domestic requirements for entry into force of this Amendment (including as set forth in Paragraph 12) and that all conditions set forth in Paragraph 13 have been satisfied by the Government and MCC (the “*Amendment Effective Date*”).

12. Domestic Requirements.

Promptly after the conclusion of this Amendment, the Government shall proceed in a timely manner to seek domestic ratification of this Amendment as necessary or required by the laws of Georgia, or similar domestic requirement, in order that: (a) this Amendment shall be considered an international agreement under Georgian law, (b) each of the provisions of this Amendment is valid, binding and in full force and effect under the laws of Georgia and (c) the Compact, as amended hereby, continues to be an international agreement and valid, binding and in full force and effect under the laws of Georgia. Notwithstanding anything to the contrary in this Amendment, this Paragraph 12 shall provisionally apply prior to the Amendment Effective Date.

13. Condition Precedent to Amendment Effective Date.

As conditions precedent to this Amendment entering into force, the Government shall deliver:

(a) a certificate signed and dated by the Principal Representative of the Government, or such other duly authorized representative of the Government acceptable to MCC, that:

(i) certifies that the Government has completed all of its domestic requirements for this Amendment to be fully enforceable under Georgian law; and

(ii) attaches thereto, and certifies that such attachments are, true, correct and complete, copies of all decrees, legislation, regulations or other governmental documents relating to its domestic requirements for this Amendment to enter into force and the satisfaction of Paragraph 12, which MCC may post on its website or otherwise make publicly available.

(b) a written statement as to the incumbency and specimen signature of the Principal Representative executing this Amendment, such written statement to be signed by a duly authorized official of the Government other than the Principal Representative.

14. English Language.

This Amendment is prepared and executed in English and, in the event of any ambiguity or conflict between this official English version and any translation into any language made for the convenience of the Parties, this official English version shall prevail.

15. Governing Law.

The Parties acknowledge and agree that this Amendment is an international agreement entered into for the purpose of amending the Compact and as such will be interpreted in a manner consistent with the Compact and will be governed by the principles of international law.

16. Counterparts.

This Amendment may be executed in counterparts, each of which shall constitute an original, but when taken together, shall constitute one instrument.

17. Provisional Application.

Upon signature of this Amendment, the Parties will provisionally apply this Amendment until the Amendment Effective Date.

SIGNATURE PAGE BEGINS ON THE NEXT PAGE

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IN WITNESS WHEREOF, the undersigned, duly authorized by their respective governments, have signed this Amendment as of the date first written above and this Amendment shall enter into force in accordance with the terms hereof.

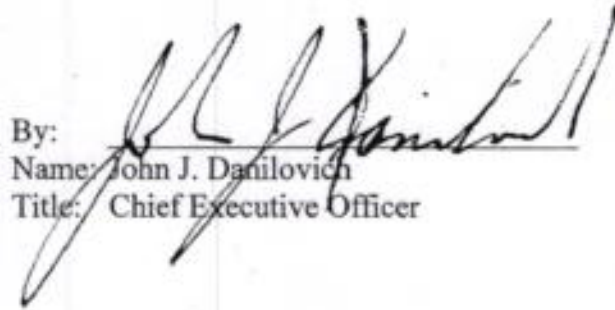
**MILLENNIUM CHALLENGE
CORPORATION, ON BEHALF OF THE
UNITED STATES OF AMERICA**

THE GOVERNMENT OF GEORGIA

By:

Name: John J. Danilovich

Title: Chief Executive Officer



By:

Name: Grigol Mgaloblishvili

Title: Prime Minister of Georgia



**SIGNATURE PAGE TO FIRST AMENDMENT TO MILLENNIUM CHALLENGE COMPACT
BETWEEN THE UNITED STATES OF AMERICA
ACTING THROUGH THE MILLENNIUM CHALLENGE CORPORATION
AND THE GOVERNMENT OF GEORGIA**

ATTACHMENT I
SUPPLEMENT TO EXHIBIT A TO ANNEX II OF THE COMPACT

Additional Funding						
Component	Year 1	Year 2	Year 3	Year 4	Year 5	Total
(USD \$ million)						
1. Regional Infrastructure Rehabilitation Project						
(a) Road Rehabilitation Project Activity	N/A	N/A	3.00	18.00	39.00	60.00
(b) Regional Infrastructure Development Project Activity	N/A	N/A	1.30	7.80	16.90	26.00
(c) Energy Rehabilitation Project Activity	N/A	N/A	0.65	3.90	8.45	13.00
Sub-Total	N/A	N/A	4.95	29.70	64.35	99.00
4. Program Administration and Control						
(c) Fiscal and Procurement Management	N/A	N/A	0.20	0.40	0.40	1.00
TOTAL ESTIMATED MCC CONTRIBUTION	N/A	N/A	5.15	30.10	64.75	100.00