


M-O-M CPI IN DECEMBER 2008 FELL BY 0.4%, RESULTING IN ANNUAL PERIOD-END CPI CHANGE OF 5.5%

 GEL/US\$: 1.6671 GEL/EUR: 2.2088
 Galt & Taggart Index: 203

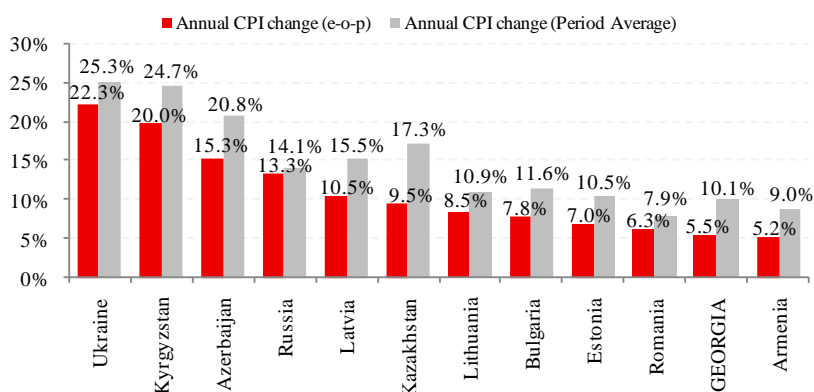
CPI Change	December 2008	November 2008	December 2007	2007	2006
Month-on-month	-0.4%	0.7%	0.3%	-	-
Year-on-year (e-o-p)	5.5%	6.3%	11.0%	11.0%	8.8%
Year-on-year (period average)	10.1%	10.6%	9.2%	9.2%	9.2%

The Department of Statistics of the Ministry of Economic Development of Georgia reported that the consumer price index (CPI) fell by 0.4% m-o-m in December 2008, down from a 0.7% m-o-m increase in November 2008. The end-of-period CPI change for the twelve months ended 31 December 2008 decreased to 5.5% from 6.3% at the end of the previous month. The annual period-average CPI change in December 2008 fell by 10.1% from 10.6% in November 2008.

The e-o-p annual CPI change of 5.5% in Georgia compares favorably to 22.3% in Ukraine, 20% in Kyrgyzstan, 15.3% in Azerbaijan, 13.3% in Russia, 10.5% in Latvia, 9.5% in Kazakhstan, 8.5% in Lithuania, 7.8% in Bulgaria, 7% in Estonia and is broadly in line with Georgia's other regional peers.

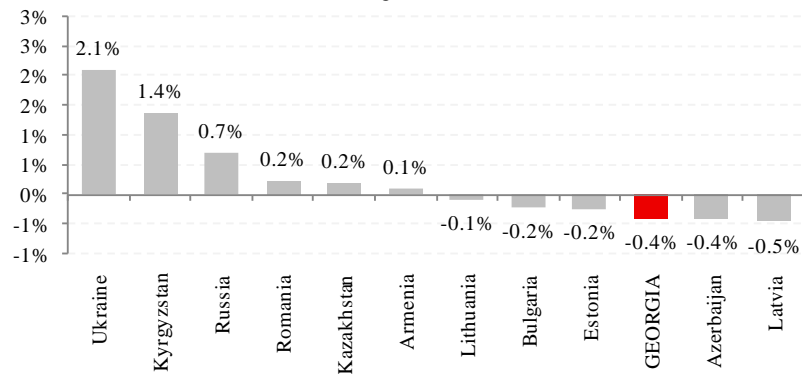
In December 2008, annual growth rate of Broad Money (M3) rose to 7% from 1.5% annual growth in November, 2% in October and 6.3% in September.

"The current disinflationary environment allows us to pursue counter-cycle fiscal and monetary policies", commented **Nika Gilauri**, Minister of Finance.

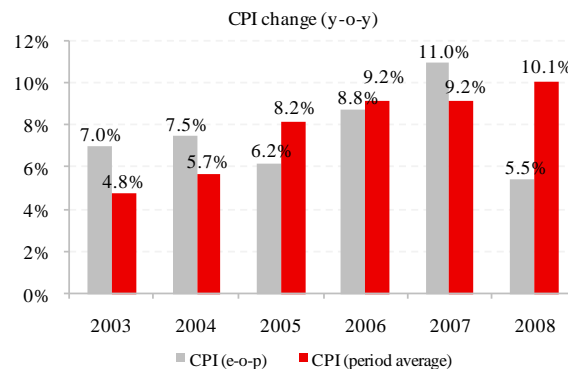


Source: National Bank of Georgia

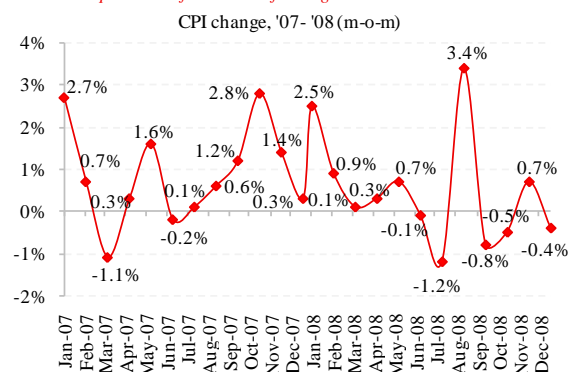
CPI change m-o-m, December '08



Source: National Bank of Georgia



Source: Department of Statistics of Georgia



Source: Department of Statistics of Georgia

Sectors and Commodity Groups	Y-o-y CPI change (e-o-p) 2008
Fruits	38.4%
Healthcare	21.5%
Meat and meat products	11.3%
Fish products	9.9%
Miscellaneous goods and services	8.9%
Other non-alcoholic beverages	8.5%
Hotels, cafes and restaurants	8.4%
Other foodstuffs	7.7%
Confectionery	7.5%
Furnishings and household equipment	7.4%
Food and non-alcoholic beverages	5.5%
Fast food products	5.4%
Housing, water, electricity and gas	4.9%
Bread products	4.6%
Communications	4.4%
Cooking oil	3.0%
Recreation and entertainment	2.0%
Transportation	0.5%
Alcoholic beverages and tobacco	-0.5%
Education	-0.5%
Dairy products	-2.5%
Clothing and footwear	-2.6%
Vegetables	-5.9%

Source: Department of Statistics of Georgia

Georgia: Key Economic Data	2004A	2005A	2006A	2007A	2008E
Nominal GDP (GEL mln)	9,824.3	11,620.9	13,789.9	16,993.8	19,072.4
Real GDP Growth (y-o-y; %)	5.9%	9.6%	9.4%	12.3%	2.0%
GDP per Capita (US\$)	1,187.6	1,483.5	1,763.5	2,314.6	2,912.7
CPI (e-o-p; %)	7.5%	6.2%	8.8%	11.0%	5.5%
Net FDI (US\$ mln)	483	542	1,076	2,014.8	1,219.5
Current Account Deficit as % of GDP	-6.6%	-10.7%	-14.9%	-18.9%	-15.5%
GEL/US\$ (e-o-p)	1.83	1.79	1.71	1.59	1.66
GEL/EUR (e-o-p)	2.49	2.12	2.26	2.33	2.34
Galt & Taggart Index (e-o-p)	194	320	790	1,041	197

Source: Department of Statistics, Ministry of Economic Development, Ministry of Finance, National Bank of Georgia

Georgia has, as of the date hereof, the following sovereign credit ratings:

Standard & Poor's	Sovereign Credit Rating	'B/ Stable/B'
FitchRatings	Long Term Issuer Default Rating/Short Term Issuer Default Rating/Country Ceiling	'B+/ Negative /B/B+'

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