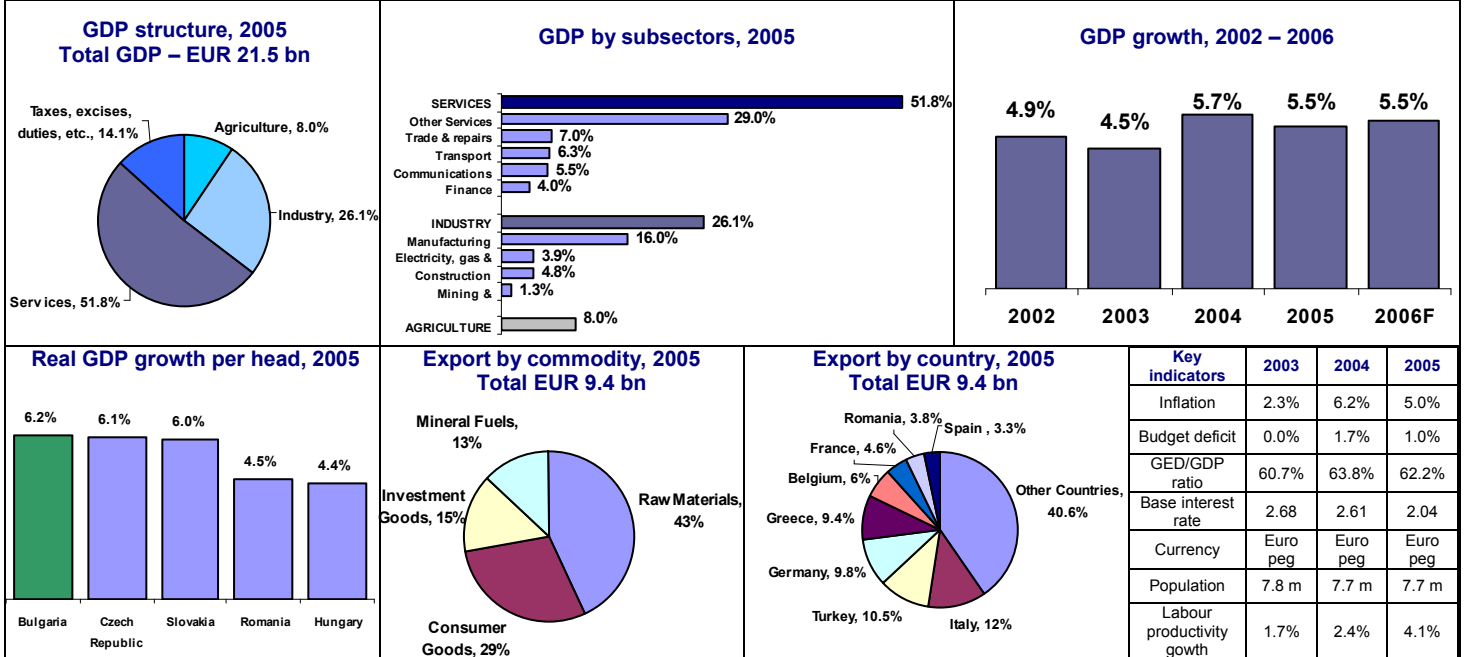


BULGARIA FACTSHEET 2006 : ECONOMY, INVESTMENT, BUSINESS AND INDUSTRY

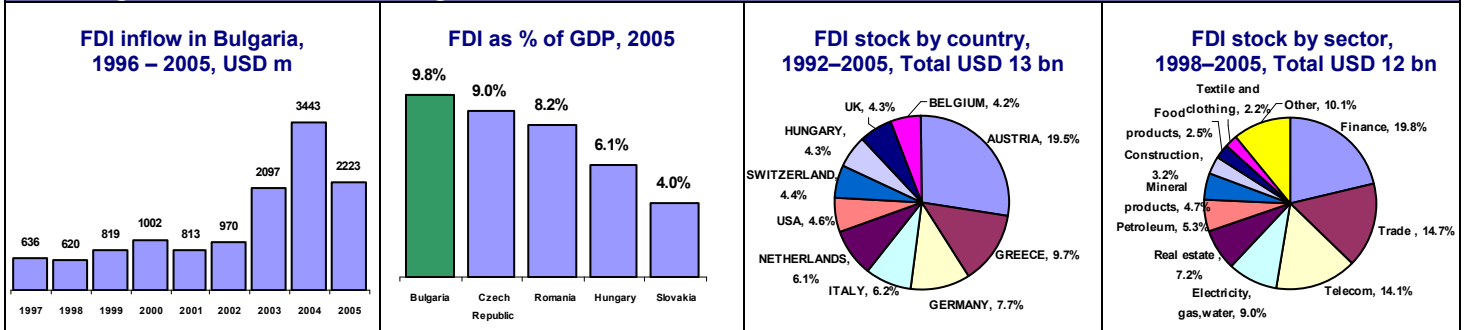
InvestBulgaria Agency – June 2006

1. Economic indicators : seven years of sustained growth, low inflation, Euro pegged



Source: Bulgarian National Bank, InvestBulgaria Agency, EIU

2. Foreign investment : record high FDI in 2004



Source: Bulgarian National Bank, InvestBulgaria Agency, EIU

3. Business environment : solid legal framework, excellent talent base, competitive cost

	Corruption Perception Index 2005	№ of procedures	Duration (days)	Cost % GNI per capita	Unemployment Rate %, 2005	Average gross monthly salary EUR
Bulgaria	4.0	11	32	9.6%	11.5	167 (June/05)
Croatia	3.4	12	49	13.4%	18.1	849 (Sep/05)
Czech Republic	4.3	10	40	9.5%	9.0	660 (2005F)
Hungary	5.0	6	38	22.4%	7.1	598 (Sep/05)
Poland	3.4	10	31	22.2%	18.3	649 (Oct/05)
Romania	3.0	5	11	5.3%	6.5	275 (Sep/05)
Slovak Republic	4.3	9	25	5.1%	11.5	435 (2Q/05)

- NATO member as of 29 March 2004
- Bulgaria will join EU on January 1st, 2007
- EU Accession treaty signed on 25 April 2005
- Investment grade credit rating
- Excellent technical skills of the workforce
- Lowest operating cost in Eastern Europe
- Infrastructure subsidy for larger investments
- Industrial land at preferential terms
- Strong government support with customized service packages

Source: Transparency International, WORLD BANK, The Economist Intelligence Unit, National Banks, Statistics offices & Investment promotion agencies

4. Robust investor incentive schemes

LAW ON INVESTMENT PROMOTION

- The law is equally applied for both Bulgarian and foreign investors
- The new InvestBulgaria Agency (IBA) provides:
 1. Information services
 2. Individual administrative services
 3. Assessment of qualification to receive investment incentives
- In the implementation of its functions IBA cooperates with the representatives of the local and central state authorities

INVESTMENT INCENTIVES

The law promotes investments that comply with the following requirements

1. Category depending on the project value ;
2. The investment to be connected with the acquisition of long-term assets for the purpose of creation of new or expanding an existing enterprise that is not operating in any of the sectors listed below ;
3. Project to be implemented within 3 years
4. New jobs to be created

Investment incentives according to the Investment category

- 3rd – category investments
 - information services
- 2nd – category investments
 - individual administrative services
 - information services
- 1st – class investments
 - assists with individual information
 - assists with consulting and administrative services
 - infrastructure subsidies
 - preferential terms for acquiring state or municipal land for the purpose of the investment project

The government policy for promotion of investment is not applicable to banks and other financial institutions, insurance companies, investment companies, companies with special investment purposes, pension and health insurance companies, investment in gambling companies, as well as all investments made according to the stipulations of the Privatization Law

5. Case study : Montpetet

- **The investor:** Montpetet, France - French group, listed on the Paris Stock Exchange; the European leader for cylinder heads; EUR 450 m net sales; 4,200 employees
- **The project:** EUR 80 m Greenfield project for design and manufacture of AI details for automotive engine and brake systems to be used in the production of world famous automobile brands - Audi, Ford, Peugeot, Renault, Dacia, etc.; 1,500 jobs
- **How it started**
- Montpetet contacted InvestBulgaria in Dec '04
- Through Jan-May InvestBulgaria provided support to Montpetet incl.: macroeconomic data, operational costs and labour force availability info, legal advice, facilitation of negotiations with the central and local authorities, site visits, etc.
- In May, Montpetet decided to invest in Rousse, Bulgaria, instead of Romania and Slovakia
- On 24 May, Montpetet received a 1st class investment certificate by the Bulgarian government, providing an opportunity for land acquisition at preferential terms and infrastructure subsidy for the project