



EDICT OF THE PRESIDENT OF THE REPUBLIC OF AZERBAIJAN

ON ADDITIONAL MEASURES TO PROMOTE INVESTMENT ACTIVITY

**(The latest edition including Edicts by the President of the Republic of Azerbaijan dated
12 June 2006 (No: 1495), and 16 May 2007 (No: 2180), and 13 February 2009 (No: 61))**

Actions implemented over the last years in the Republic of Azerbaijan in direction of deepening of socio-economic reforms and improvement of state management system ensured creation of suitable conditions for free economic activity, stimulated development of business in all fields and played a great role in growth of the country's economic power.

Due to consistent implementation of oil strategy founded by national leader of Azeri people Heydar Aliyev the rapid growth of monetary reserves of the country ensures new opportunities to use those funds for development of non-oil sector and attraction of foreign investments into these fields. This, in its turn, leads to overall development of economy and further improvement of living conditions of the population, assuring new workplaces.

Pursuant to the Law of the Republic of Azerbaijan "On 2006 State Budget of the Republic of Azerbaijan" and "Long-Term Strategy for Oil and Gas Revenues Management" approved by the Decree 128 of September 27, 2004 of the President of the Republic of Azerbaijan, for a purpose of promoting investments in development of non-oil fields of economy, innovation of material and technologic base of enterprises in these fields, I decree:

1. Open Joint Stock Company "Azerbaijan Investment Company" (hereinafter: "Company") shall be established.

2. It shall be determined that:

2.1. Initial authorized capital of the Company is formed due to funds of State Oil Fund of the Republic of Azerbaijan;

2.2. Investment activity of the Company aims to implement term investment by purchasing a participation share in authorized capital, as well as stocks of joint stock companies and other commercial entities operating in non-oil fields of the country's economy;

2.3. The investment activity of the Company is based upon the following principles:

2.3.1. Decision of the Company on investing into authorized capital of operating or newly established commercial entities shall be taken upon analysis of business-plans reflecting commercial effectiveness of activity of the entities, a participation share of which is offered, and consideration of experience and progress gained by founders and other participants of those entities in their field of business activity;

2.3.2. Company must not possess superior participation in the authorized capital of commercial entities into which it makes investment;

2.3.3. When signing an investment agreement with the commercial entity, a participation share of which is proposed for acquisition, the Company's right to participate in governing bodies (general meeting of shareholders, supervisory board) of the commercial entity, and, if so resolved by the Supervisory Board of the Company, its veto right resulting the invalidation of decisions adopted by those bodies, shall be included in such agreement.

2.3.4. Upon expiration of the term set by the supreme governing body of the Company for investment into the authorized capital of a commercial entity the Company terminates its participation in the commercial entity by selling its participation share at a market price.

2.4. The Company may ensure expansion of its activity and growth of volume of its investments by emitting additional stocks, loans or attracting credits.

2.5. Deposit and management of state-owned stocks of the Company shall be carried out by the Ministry of Economic Development of the Republic of Azerbaijan, and dividends on those stocks shall be transferred to the State Oil Fund of the Republic of Azerbaijan.

2.6. As long as the Company's stocks are fully state-owned, powers (except for liquidation and reorganization of the Company) of a supreme governing body of the Company shall be executed by its Supervisory Board.

2.7. Current management of the Company shall be carried out by its Executive Director appointed by its Supervisory Board.

3. The Company's Supervisory Board shall be approved in following membership:

Chairman:

Shahin Mustafayev - Minister of Economic Development of the Republic of Azerbaijan

Deputy Chairman:

Shahmar Movsumov - Executive Director of the State Oil Fund of the Republic of Azerbaijan

Members:

Ilgar Fati-zade - 1st Deputy Minister of Finance of the Republic of Azerbaijan

Rustam Shahbazov - Deputy Chairman of the State Committee of the Republic of Azerbaijan for State Property Management

Vadim Hubanov – Deputy Chairman of the Management Board of the National Bank of Azerbaijan.

4. Supervisory Board shall be assigned to prepare and approve within 1 month a status of the Company, organize implementation of actions set by legislation for official registration, commence to function and inform the President of the Republic of Azerbaijan on this.

5. Ministry of Justice of the Republic of Azerbaijan, Ministry of Economic Development of the Republic of Azerbaijan, Ministry of Taxes of the Republic of Azerbaijan, State Statistics Committee of the Republic of Azerbaijan, State Committee for Securities under the auspices of the President of Azerbaijan Republic, State Committee of the Republic of Azerbaijan for State Property Management and State Oil Fund of the Republic of Azerbaijan shall be assigned to ensure implementation of actions set by legislation concerning the Company's official registration and commence to function.

6. The Cabinet of Ministers of the Republic of Azerbaijan shall solve other issues arisen from this Edict.

7. This Edict comes into force from the day of its signing.

Ilham Aliyev

President of the Republic of Azerbaijan

Baku, March 30, 2006