



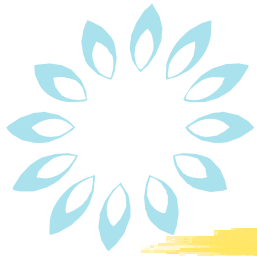
*Bulgarian gas market through the eyes of the
largest private national investor in the gas sector -
"Overgas Inc."*

Experience

Innovation

Reliability

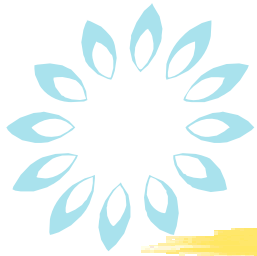




Establishment:

- Overgas Inc. AD was established in 1992. Its main goal is to shape and develop Bulgarian gas market and to make natural gas accessible to Bulgarian citizens.
- Overgas Inc. AD is a leading company in developing and providing infrastructure services on the Bulgarian market and in the field of gasification in particular.
 - Development and implementation of advanced technologies, new products and services on the gas sector.
 - Management, maintenance and operation of gas distribution networks and installations.
 - Supply, distribution and sale of natural gas





“Overgas Inc.” shareholders:

“Overgas Inc.” AD is a joint stock company with the following shareholders:

■ **Gazprom AD**

■ **Gazexport OOD**

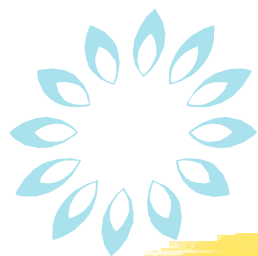
■ **Overgas Holding AD**





“Overgas Holding” companies:

- ⌘ Telecommunication company – **Vestitel BG** (providing phone service, internet, video and security);
- ⌘ Engineering company – **Overgas Engineering** (construction of gas and water pipelines and gas regulating stations, ISO9001, ISO 14000, over 1700 km of pipelines constructed);
- ⌘ Designing and training company – **Gastec BG** (training center, designing, ecology – over 6500 km designs of water and gas pipelines, CNG stations, gas regulating stations etc.);
- ⌘ Real estate company – **Renaissance** (office buildings, mountain and sea hotels etc.);
- ⌘ Transporting company – **OG trans** (transport service to all Overgas companies);
- ⌘ Trading company – **Overgas Technica** (supplying gas boilers, convectors and other appliances);
- ⌘ etc.;

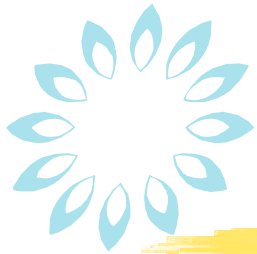


“Overgas Inc.” gas distribution companies:

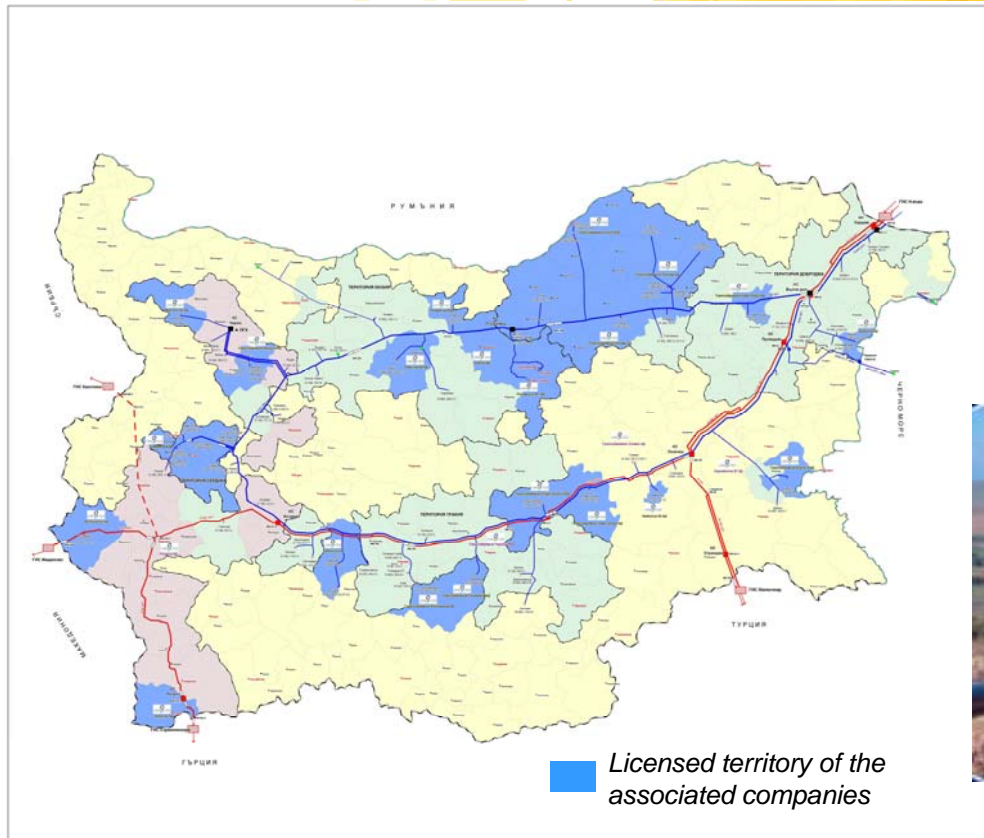
“Overgas Inc.” AD is a shareholder in 32 companies: controlling interest in 26 gas supply companies. Up to date the associated companies hold 56 licenses for natural gas distribution and public supply of natural gas on the territory of 42 municipalities.



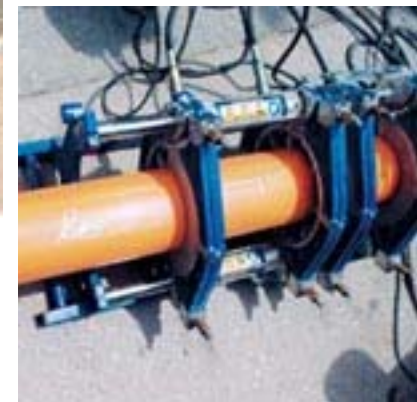
Bulgarian cities with working projects for gas distribution networks



Overgas achievements:



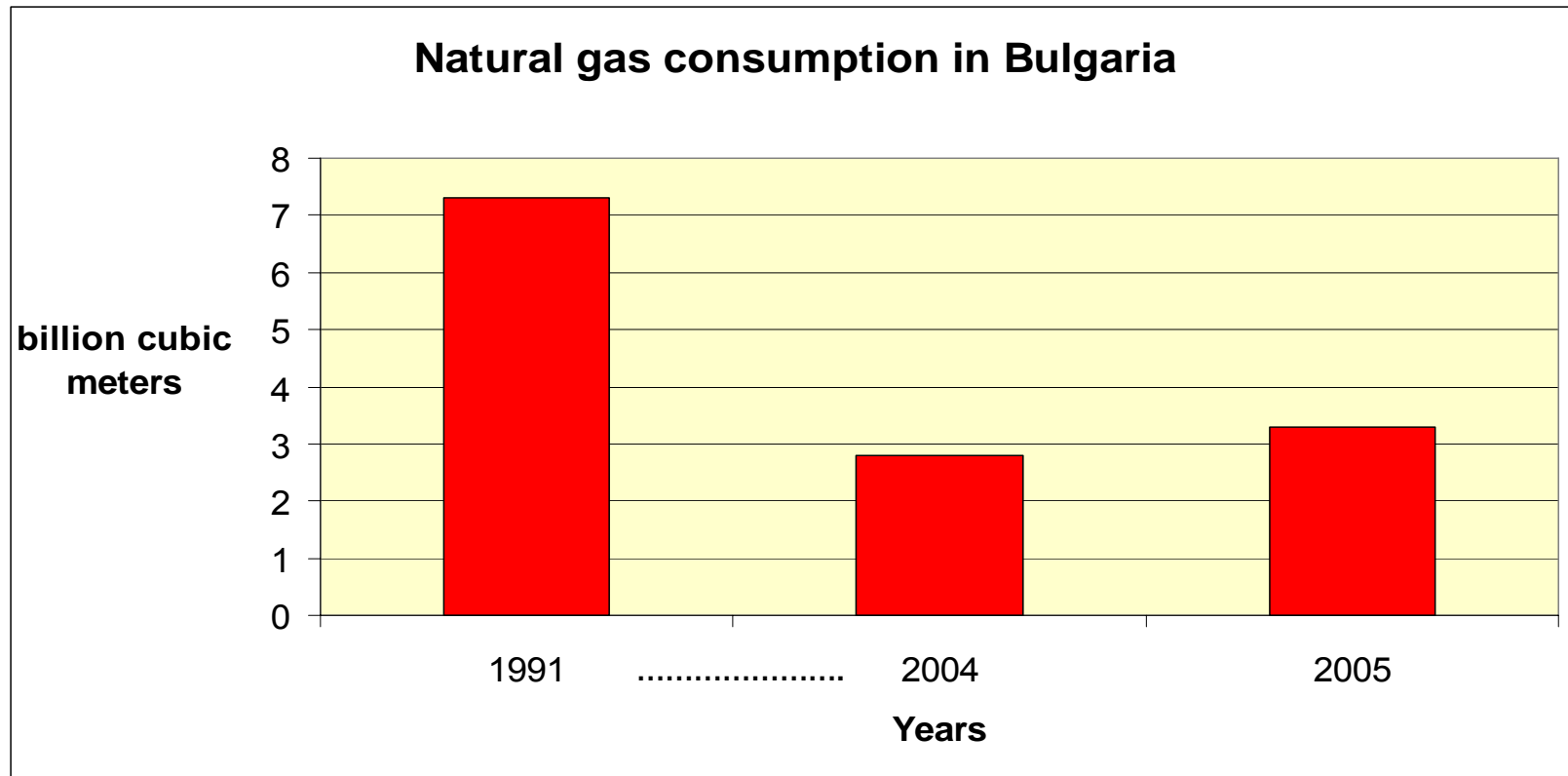
“Overgas Inc.” AD via its associated companies holds licenses for a territory over **19 000 sq. km** and population of over **3 million** people.



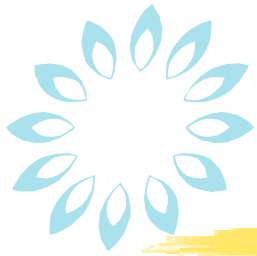
Up to date on that territory over **1600 km** of gas supplying and gas distribution pipelines are built.



Examples of natural gas consumption in Bulgaria



⌘ Natural gas transit to Turkey, Greece and Macedonia for 2005 – over **15,5 billion m³**



Natural gas USERS in BULGARIA:

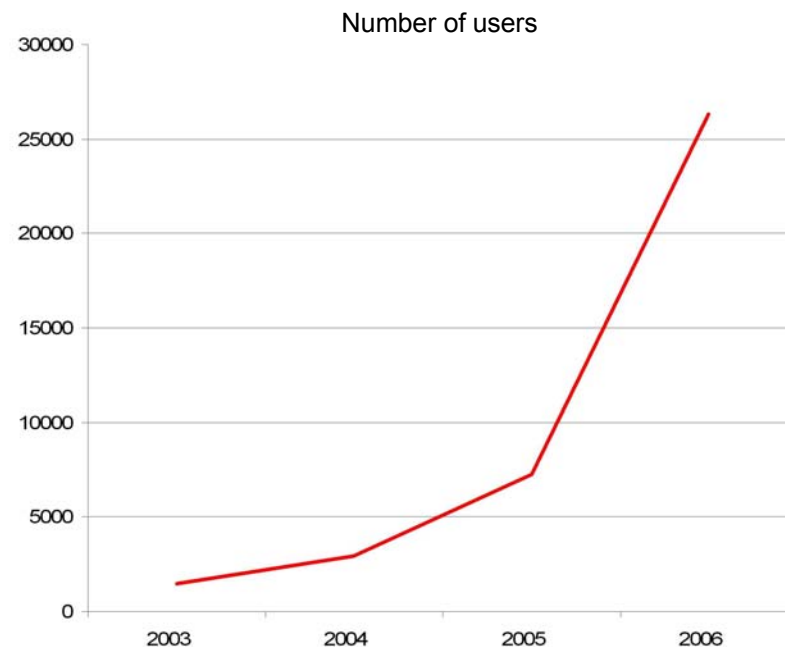
Gasification is the fastest developing process in the Bulgarian energy sector.

Approximately 30 000 users are connected to the natural gas distribution networks in Bulgaria;

Approximately 20 000 households are connected to the natural gas distribution networks of Overgas;

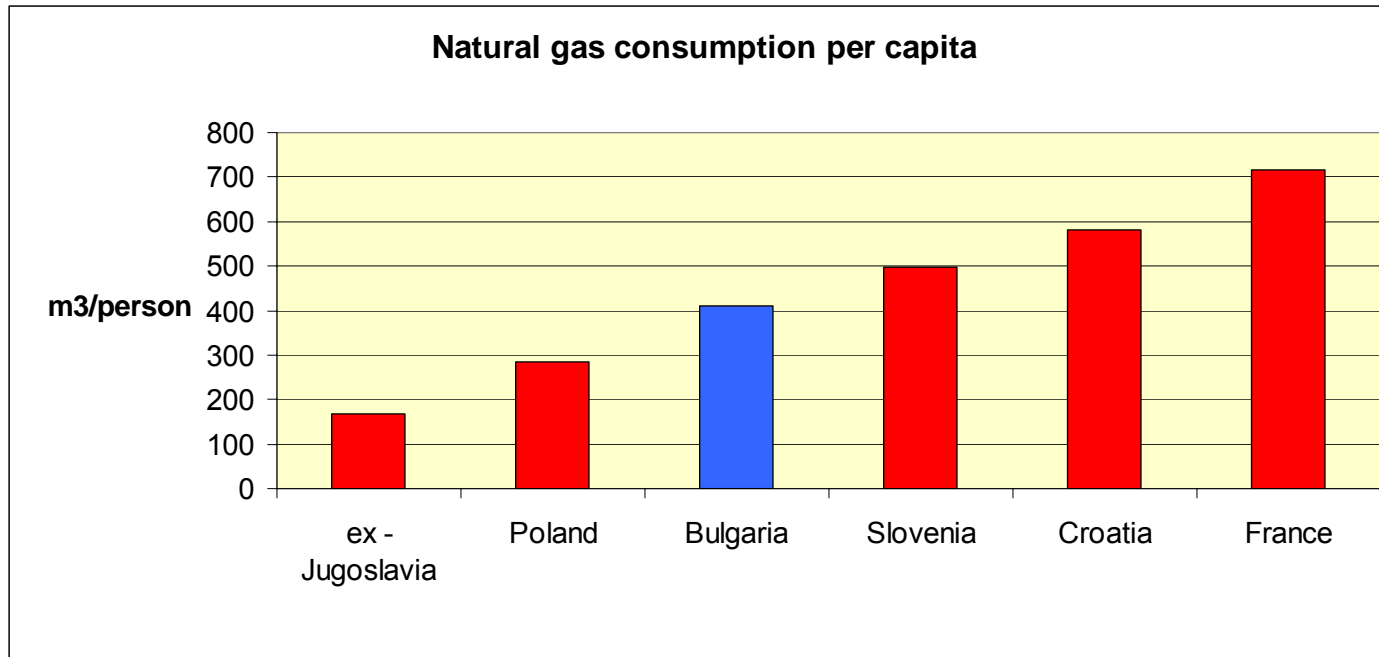
Number of the new users for year 2005 is over 250% more than 2004;

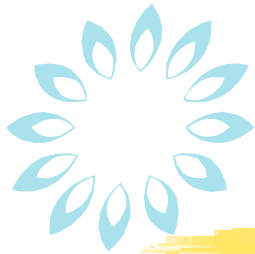
The expectations for 2006 are over 26 000 users.





Average annual Natural gas consumption and consumption per capita

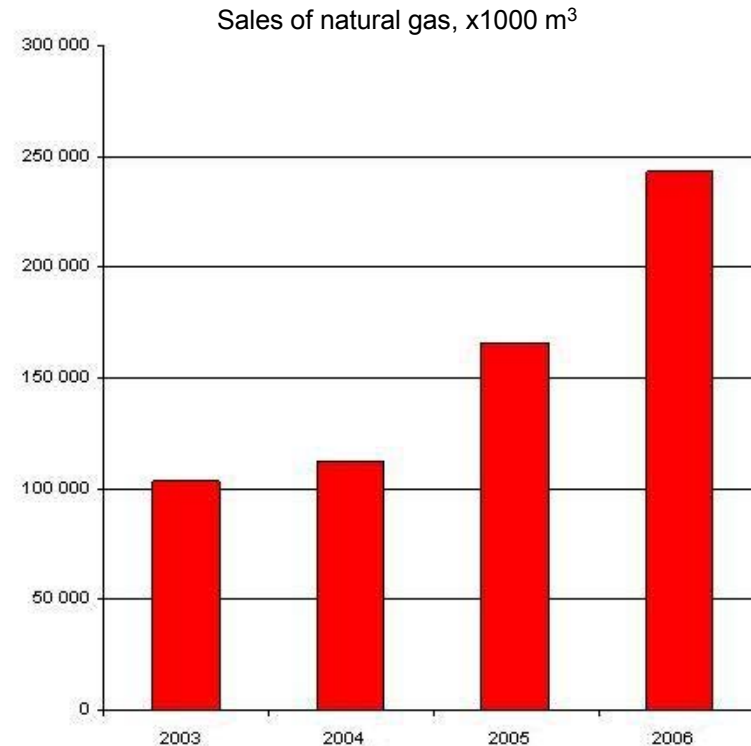


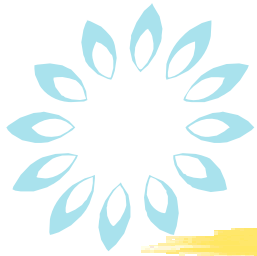


SALES of natural gas in Bulgaria:

“Overgas Inc.” AD is the largest Bulgarian natural gas distribution company.

- 225 million m³ of natural gas have been distributed totally in Bulgaria by the distribution companies in 2005;
- 165 million m³ of natural gas have been distributed only by Overgas Inc. in year 2005. It is 73% of the total volume;
- In 2006 243 million m³ of natural gas are expected to be distributed only by Overgas Inc..
- In next 2 years the sales will increase with 150% each year.





Natural gas advantages in BULGARIA:

- Natural gas used by industrial companies is by **40% cheaper than fuel oil with 3.5 % sulfur content;**
- Natural gas used by households is about **2.6 times cheaper than electric power;**
- Natural gas used in public-administrative buildings is **3 times cheaper than industrial gas oil.**

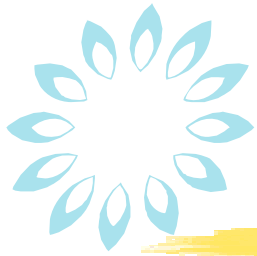
Savings by our customers in 2005:

- In industry – **15 million EUR**
- In trade and utility sector – **over 20 million EUR**
- In households – **over 5 million EUR**



Prognosis for 2006:

Savings for about 90 million EUR!!!



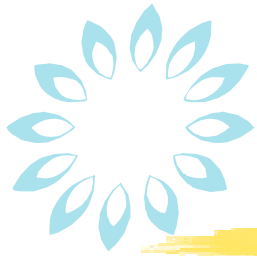
NEW Projects:

Overgas Inc. AD is a innovative company, which studies new fields of development of energy sector. Some of the newly developed company projects are:

■ “Research, extraction and conservation of oil and gas” - studies new oil and gas ledges and possibilities for extraction and conservation.



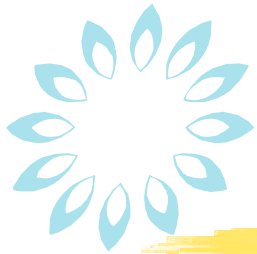
■ “CNG” - studies the possibilities for developing and extending the market of CNG.



OVERGAS social programs:

- Project “Bulgarian School” with school and kindergarten;
- “Overgas-basket” program – about 1,500 children between 10 and 18 years in 18 cities are trained in basketball;
- Opening of classes for the specialty of “gas technician” in 18 high schools in the country;
- Specialized training center at “GASTEC BG” JSC;
- “Overgas and partners” program – working hand in hand with the companies in accompanying markets.





Environmental effect from the Overgas activities

- ⌘ In 2005 our gas distribution companies distributed over **165 million cubic m**, thus replacing:
 - ☒ **80,000 tons** of fuel oil with 3.5 % sulfur content;
 - ☒ over **42,000 tons** of gas oil;
 - ☒ **53,000 tons** of coal.

- ⌘ Three “joint implementation” tenders won for selling **ERUs** in the cities of Veliko Tarnovo, Gorna Oryahovitsa and Lyaskovets, Sofia and Varna;

- ⌘ Fourth **ERUs** selling contract for Bourgas city in progress of signing.



***In 2005 alone, as a result of this replacement made by OVERGAS in 25 cities in Bulgaria, the total quantity of harmful and greenhouse gas emissions decreased by 217,300 tons.**

***For 2006 this amount will be doubled!**



FACTS in BULGARIA

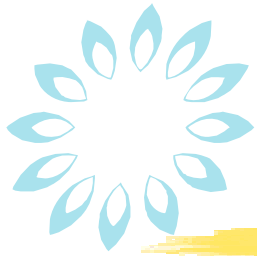
■ Natural gas distribution and supply is carried out just in 15% of all municipalities in Bulgaria;

■ For the EU this percentage is 80%!!!

■ Licenses for gas distribution are issued for 49% of the municipalities, but most of them are in its initial stage;

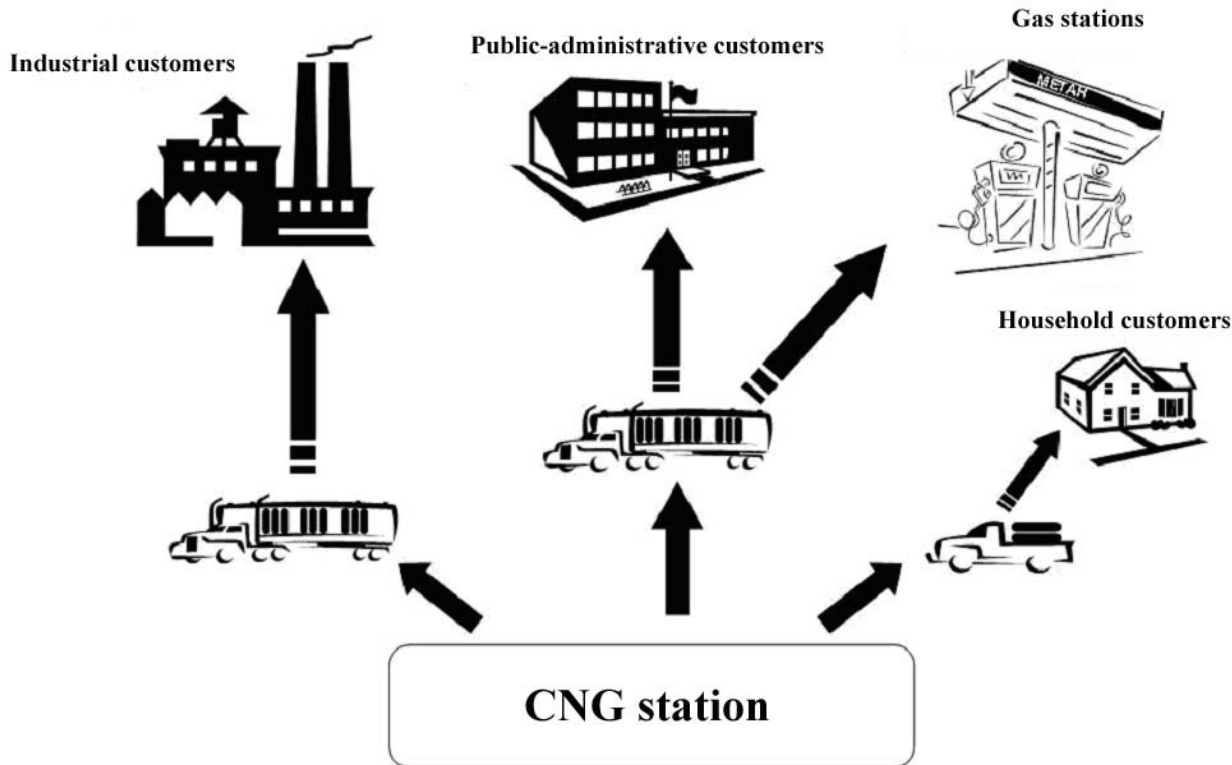
■ The announced by the government list of areas subject of licensing for gas distribution, is covering only half of the territory of the country!!!

■ Excuse is that they are "remote" from any existing gas pipeline!!!



Overgas project “CNG” – supplying the “yellow” areas

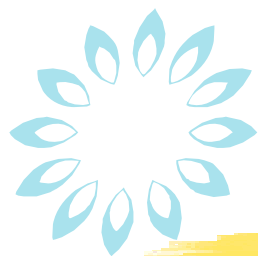
Virtual gas pipeline



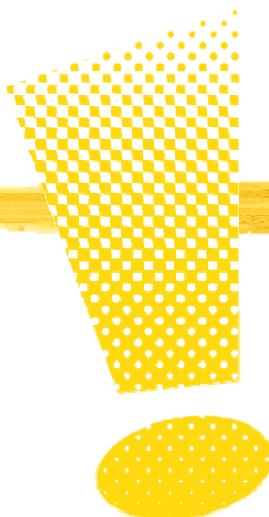
■ Distribution of natural gas to remote customers;

■ Distribution of natural gas to the customers that will be connected to gas distribution network in the next planning periods;

■ Giving the customers alternative and clean fuel;



NEEDS of BULGARIA:



- Fresh foreign investments in the gas sector to cover the other half of the country - this will increase the rate of the gasification in Bulgaria;
- Free financing through funds, programs etc. to valuable projects connected with the gasification of the country, which will improve the social, economical and ecological environment of the municipalities and will increase their competitive advantages;
- Major priority in establishing conditions for construction of new gas distribution networks (GDN) and household gas supply in the areas REMOTE from the main gas pipelines;



**Thank you for Your
attention!**

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