Korek Telecom enters into a strategic partnership with France Telecom-Orange to leverage its leadership position in Iraqi Kurdistan to the rest of Iraq

analyst presentation

March 14th, 2011

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agenda

transaction highlights

key elements

- binding agreement signed with Korek Telecom's existing Iraqi shareholders, Agility, the Kuwaiti premier logistics company, and FT
- purpose is to help Korek Telecom 1) reinforce its #1 position in Kurdistan region and 2) expand to the rest of Iraq
- JV formed by Agility (54%) and FT (46%) to provide new capital to Korek Telecom against 44% of its equity
- initial 20% indirect stake into Korek Telecom acquired by FT for a consideration of $245m (€175m), corresponding to a $2.0bn EV, that FT deems equivalent to:
  - $0.9bn for the existing operations in Kurdistan (implying a EV/2010 EBITDA* multiple of 4.7X)
  - $1.1bn for the new operations in the rest of Iraq (to be compared with the $1.25bn price for Korek Telecom national license)
- $185m (€132m) 4-year shareholder loan from FT to Korek Telecom at 11% + USD Libor, capped at 12%
- FT will decide in 2014 whether or not to gain indirect control in Korek Telecom through a call option to increase its indirect stake to 27%; if exercised, Agility may then begin selling its stake to FT, resulting in FT indirect interest increasing up to 39% in 2014, and up to 51% from 2016 on.
- Korek Telecom to be listed in the Bagdad stock exchange, market conditions permitting

conditions

- approval by the Iraqi Communications and Media Commission and regulatory clearances

timetable

- closing expected in the next few weeks

* 2010 estimated results

transaction rationale: an opportunity to complement France Telecom-Orange's portfolio in the Middle-East

1 opportunities to build upon leading position in Kurdistan and to expand nationally

- Iraq is an oil-producing country with the capacity to build a new era of prosperity despite current uncertainties; the economy in its Kurdistan region has been growing since 1992
- created in 2000, Korek Telecom has developed into the #1 operator in the Iraqi Kurdistan region, with almost 3m mobile customers, 2010 revenues* of $340m (€243m) and EBITDA margin* of 56%
- a new national license awarded in 2007 offers unique growth opportunities outside the Kurdistan region as the 3rd entrant in the rest of Iraq
- FT will bring skills and funding to help Korek Telecom reinforce its leading position in Kurdistan and quickly become an effective challenger to the two established players in the rest of Iraq

2 FT support will accelerate Korek Telecom's growth & cash generation

	Kurdistan (5m population)	overall Iraq (33m population)
2010-2014 revenues CAGR	3%	30%
EBITDA-CAPEX	positive	positive in 2013

(FT view and with FT support)

3 value creation for FT shareholders, with country exposure controlled by FT

- FT acquires an initial 20% of Korek Telecom's capital and voting rights for a consideration of $245m (€175m) corresponding to an enterprise value of $2.0bn (€1.4bn).
- FT deems that 45% of this value is attributable to the Kurdistan operations, implying an EV/2010 EBITDA* multiple of 4.7X, based on current positioning and consistent with comparable transactions
- the rest is consistent with the DCF valuation of Korek Telecom's expansion outside Kurdistan, using conservative profit and growth estimates
- option to gain indirect control of Korek Telecom in 2014 and increase indirect stake to 27%; if exercised, Agility may progressively sell its stake to FT, resulting in FT indirect interest increasing up to 39% in 2014, and up to 51% from 2016 onwards

* 2010 estimated results

1 with Kurdistan stable since 1992, the rest of Iraq is on the way to normalcy

political situation

- Kurdistan protected by the allies (no-fly zone) since 1992, with semi-autonomy granted in 2006
- following their entry in March 2003, the allied forces established the Coalition Provisional Authority (CPA) as a temporary administration before handing power back to the Iraqis in June 2004
- after the March 2010 general elections, a new power sharing agreement was reached in November 2010, and a new coalition government largely appointed in late December
- coalition-led combat operations ended September 2010, with all troops to exit the country by the end of 2011. Iraqi security forces are gradually taking over from the coalition
- confronted with social aspirations, Iraqi government has decided to launch new social programs and to resolutely move toward the rule of law

economy

- the government issued end of 2009 large contracts for oil production to major international companies under strict conditions; output could grow up to 10-12m barrels a day in 2016, making Iraq the first oil producer in the world
- up to $600bn should be invested over the next 5 years to rebuild the country infrastructures
- GDP is expected to have risen almost 6% in 2010 and inflation to have fallen in to around 2.8% at year-end 2010; 2011-2015 outlook for GDP is 11% CAGR*
- Iraq has an Emergency Post Conflict Assistance Arrangement and a Stand-By Agreement with the IMF, and has initiated World Trade Organisation accession talks.
- the exchange rate of the New Iraqi Dinar has been pegged to the USD since May 2004

*source: IMF, January 2011

❶ mostly mobile, the Iraq telecom market is growing fast (+15% subs in 2010e), with moderate competition so far

significant growth potential ahead

- a young 33m population, with 41% less than 15 year old
- a 25m mobile market in 2010, with 20 additional points in mobile penetration expected over next 3 years
- mostly prepaid market, with $12.4 monthly ARPU
- new value segments emerging in mobile (high ARPU prepaid, post-paid / blocked plans) with further growth potential in mobile data as fixed broadband is underdeveloped (200k potential subscribers)

2 mobile operators serving Kurdistan

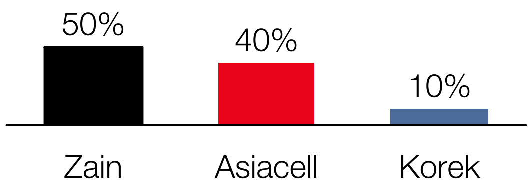
- Korek Telecom is #1, Asiacell is #2
- Zain to enter Kurdistan in 2011

2 mobile operators serving the rest of Irak

- Zain is #1, Asiacell is #2
- Korek to expand into the rest of Irak beg. 2010

a 3-player market everywhere beg. 2011

2009 national market shares, FT estimates



1 Korek Telecom is the leading mobile operator in Kurdistan and faces growth opportunities as a new entrant in the rest of Iraq

	today	objectives
a mature #1 player in Kurdistan (~5m inhabitants)	▪ launched in 2000 ▪ > 2.2m mobile subscribers, approx. 57% market share end of 2010 ▪ +11% in mobile subscribers, +17% in revenues in 2010 vs. 2009	▪ long-term objective is to stabilize market share current level at 50% in a more competitive 3-player market ▪ focus on high-value customers retention through a quality of service matching Orange standards
a third new entrant in the rest of Iraq (~28m inhabitants)	▪ launched in 2010 ▪ > 400k mobile subscribers, approx. 2% market share ▪ significant network rollout underway, with coverage expected in late 2011 to closely match Zain's or Asiacell's	▪ long-term objective is to capture a 25% market share over the next 10 years ▪ focus on price for value and quality of service ▪ launch value-added offers to the corporate market

source : 2010 estimated results, FT market share estimates

2 France Telecom-Orange and Korek Telecom joining forces to accelerate Korek Telecom's growth and cash generation

Korek existing strengths

- undisputable #1 position in Kurdistan
- influential support from current shareholders
- Agility has long country experience

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France Telecom skills & assets

- FT Group sourcing agreements
- Consulting Management Agreement to provide experienced management and sector expertise in the areas of marketing, network and IT
- France Telecom techno-centre product & service catalogue

	Kurdistan (5m population)	overall Iraq (33m population)
2010-2014 revenues CAGR	3%	30%
EBITDA-CAPEX	positive	positive in 2013

(FT view and with FT support)

2 Korek Telecom's expansion to the rest of Iraq will pose no major network or marketing challenges

network

- Agility has logistic experience in Iraq since 2004; with 5,000 employees across 40 locations, they were a key supplier for food to the US forces
- Korek Telecom has built since 2001 a strong relationship with telecom equipment and infrastructure providers
- the 3 operators have deployed above 7,000 sites across the country; major equipment providers are therefore well experienced in Iraq
- Korek Telecom can leverage competing suppliers for site construction, but will explore alternative solutions such as site sharing
- while most frequent power solution for radio sites is oil-based, Korek Telecom's will explore alternative energy solutions such as solar cell
- growing urban population represents today about 70% of total population, and should be the first to benefit soon from reliable energy thanks to the reconstruction programs

distribution

- Korek Telecom has exclusive partnerships with proven distributors
- one of them has it's headquarter based in Bagdad and proved to be a very successful distributor of Nokia, with 40% of its sales in Iraq
- Korek Telecom will reinforce its distribution, leveraging its experience and that of Agility

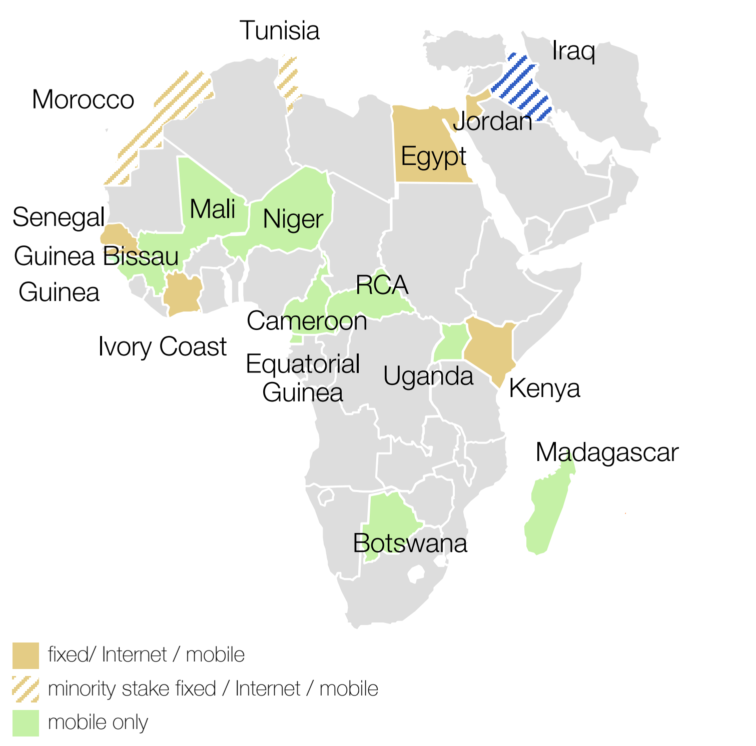
2 beyond sourcing synergies, other areas have been identified and will be further explored

synergy areas

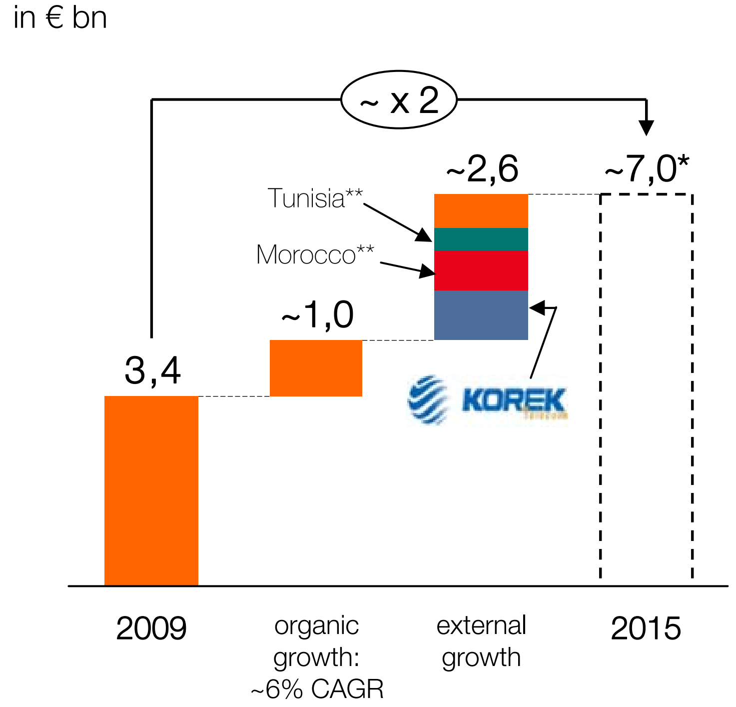
- leveraging Iraq strong economic and human ties with Middle-East countries where Orange has significant customer bases : Jordan, Egypt
  - tailored offers based on traffic patterns and club effect
  - increased Orange market share among the Iraqi Diaspora
- Within the context of Iraq reconstruction, global account management with large multi-national customers, through Orange Business Services and Korek Telecom
- international voice and Internet traffic termination
- content sharing with Orange countries in the middle-east region
- service platform sharing across Orange countries

③ proposed transaction is fully consistent with France Telecom objectives and M&A policy

Iraq to become the 18th country in France Telecom Africa/Middle-East footprint



consistent with objective to double revenues in emerging countries within 3-5 years*

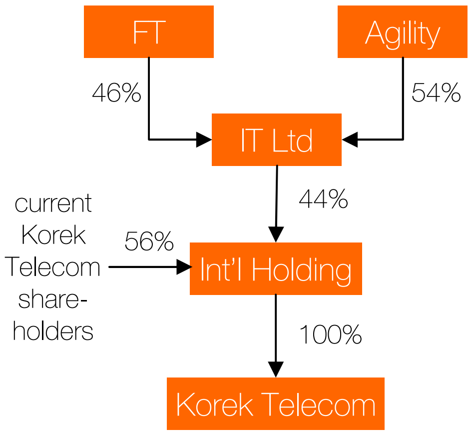


* based on revenues in Middle-East / Africa, net of asset disposals
** assuming full consolidation into FT accounts

3 FT may choose to gain indirect control of Korek Telecom in 2014 and increase its indirect interest to 27%+ (up to 51%)

2011 - 2013

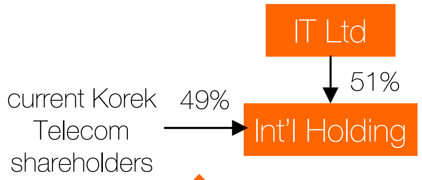
- JV (IT Ltd) formed with Agility (54%) and FT (46%) to provide new capital to Korek Telecom against 44% of its equity
- FT takes initial 20% indirect stake in Korek Telecom



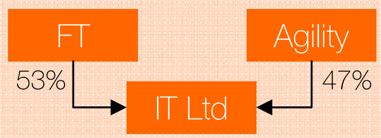
note : IT Ltd and International Holding are based in Dubai (DIFC); FMV stands for fair market value; the Call Option refers to such number of shares for IT Ltd to get 51% interest

2014

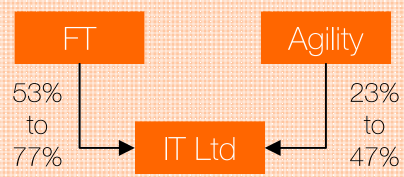
- FT or Agility may trigger IT Ltd to acquire up to 7% (at a price based on FMV and on a floor of $2.25bn for 100% equity) and control the International Holding (Call Option)



- FT has priority to acquire this additional 7% stake and thereby control IT Ltd



- if FT does so, Agility may sell up to 24% of its stake in JV to FT at FMV

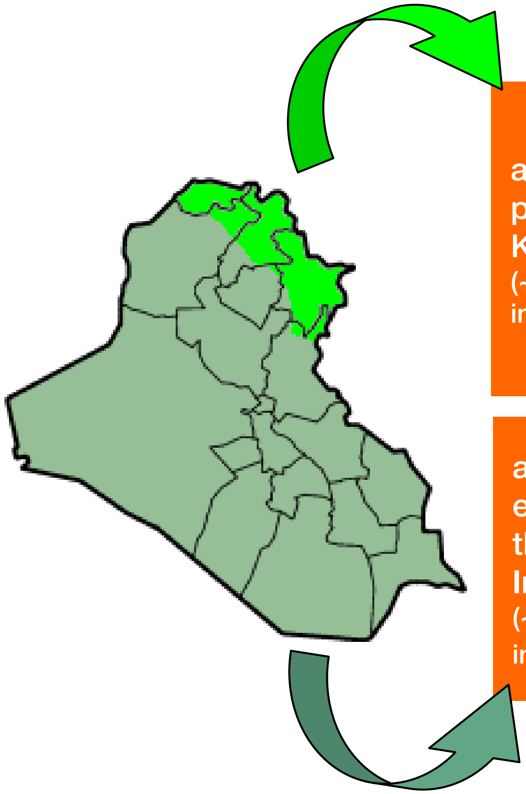


2015-2016 or later

- if FT does not exercise its priority right, Agility may acquire the full 7% additional stake, or split its acquisition 54% / 46% with FT; Agility may then buy FT's entire stake in IT Ltd for 1 year at FMV

- Agility may sell its remaining stake to FT based at FMV less 10% (subject to a floor) during the first 7 months of 2016, or every 18 months from 2018 to 2023 at FMV

❸ transaction is value creative for FT shareholders, with country exposure controlled by FT



initial 20% indirect stake in Korek Telecom

a mature #1 player in Kurdistan (~5m inhabitants)

- FT deems that implicit EV is $0.9bn
- EV/2010 EBITDA* is 4.7X, consistent with recent comparable transactions with path to control in the region

a third new entrant in the rest of Iraq (~28m inhabitants)

- FT deems that implicit EV is $1.1bn
- value is consistent with conservative DCF analysis and with $1.25bn national 2G license price

subsequent stakes up to 51% from 2014 on

- all subsequent transactions with local shareholders and with Agility pegged to fair market value

FT has full control over its decision in 2014 whether or not to increase its 20% indirect stake and control Korek Telecom

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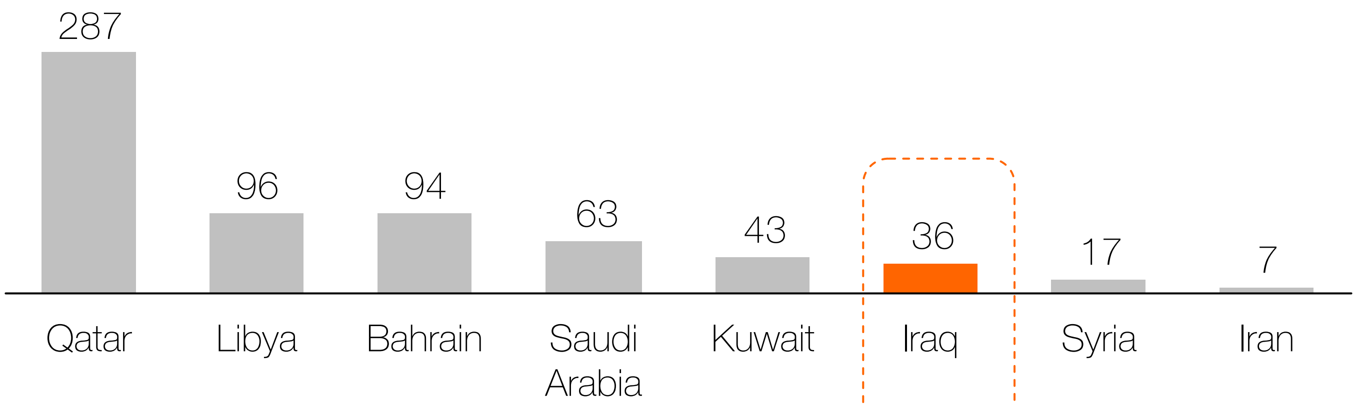
* 2010 estimated results

❸ the $1.25bn price tag for Korek's 2G national licence is on the lower end of comparables

ARPU adjusted* licence fee / capita ($) in the middle east
for 2007-2010 licence awards



	Qatar	Libya	Bahrain	Saudi Arabia	Kuwait	Iraq	Syria	Iran
year of award	2007	2009	2009	2007	2007	2007	2010	2009
revenue share provision	no	no	no	no	no	15%	25%	25%

* non adjusted licence fee per capita, divided by incumbent ARPU, and multiplied by 2010 Iraq (Zain) ARPU, source : PWP

governance, management and use of cash policy

initial 20% indirect stake by FT

- Korek Telecom's board composition
  - 3 directors from current shareholders
  - 3 directors from the JV
  - 1 independent director
- key executives proposed by FT, e.g.
  - CEO
  - deputy CFO

if FT gains indirect control

- Korek Telecom's board composition
  - 4 directors from the JV, controlled by FT
  - 3 directors from current shareholders
- key executives appointed by the board at simple majority vote

dividend policy

- no dividend will be paid before all shareholders' loans are totally reimbursed

impact on France Telecom accounts

initial 20% indirect stake by FT

- $245m equity + $185m 4-year shareholder loan accounted as investments in FT accounts

if FT gains indirect control

- if effective control is demonstrated, Korek Telecom's account are fully consolidated into FT accounts, with remaining put options held by Agility on FT recognized as additional debt

summary

- strategic partnership with Korek Telecom's existing shareholders, Agility and FT
- aligned with France Telecom focus on growth in Middle-East and Africa
- value creation to result from Korek Telecom's growth and value potential, together with FT prudent transaction terms
- control by FT over country exposure and decision in 2014 of whether or not to increase its initial 20% indirect stake and fully consolidate Korek Telecom