Beirut, 28 May 2009

Conference Presentation

Fulfilling Broadband Potential

Global Trends and Regional Challenges

Emerging trends are accelerating the deployment of broadband networks

1. Policymakers positioning Broadband networks as essential national assets
2. Fixed and mobile telecom operators betting on Broadband as a key growth enabler
3. Increasing dialogue between stakeholders to address the industry tensions inhibiting broadband networks deployment
4. Governments investing to accelerate broadband deployment and contribute to economic recovery
5. New business models emerging to improve investment efficiency and accelerate service uptake

Policymakers are increasingly regarding Broadband networks as essential national assets

1

Policymakers on Broadband - Recent Announcements

"I believe that America should lead the world in broadband penetration"

Barack Obama, USA President

"Just announced biggest ever investment in Australian broadband – really exciting, infrastructure for the future"

Kevin Rudd, Australian PM

"Universal Broadband Access is crucial for Britain's economy "

Gordon Brown, UK PM

"Next generation broadband will be a critical enabler to build new capabilities and transform our industries"

Lee Hsien Loong, PM Singapore

"Universal Broadband should be a basic right"

Dr. Hessa Al-Jaber, SG ictQatar

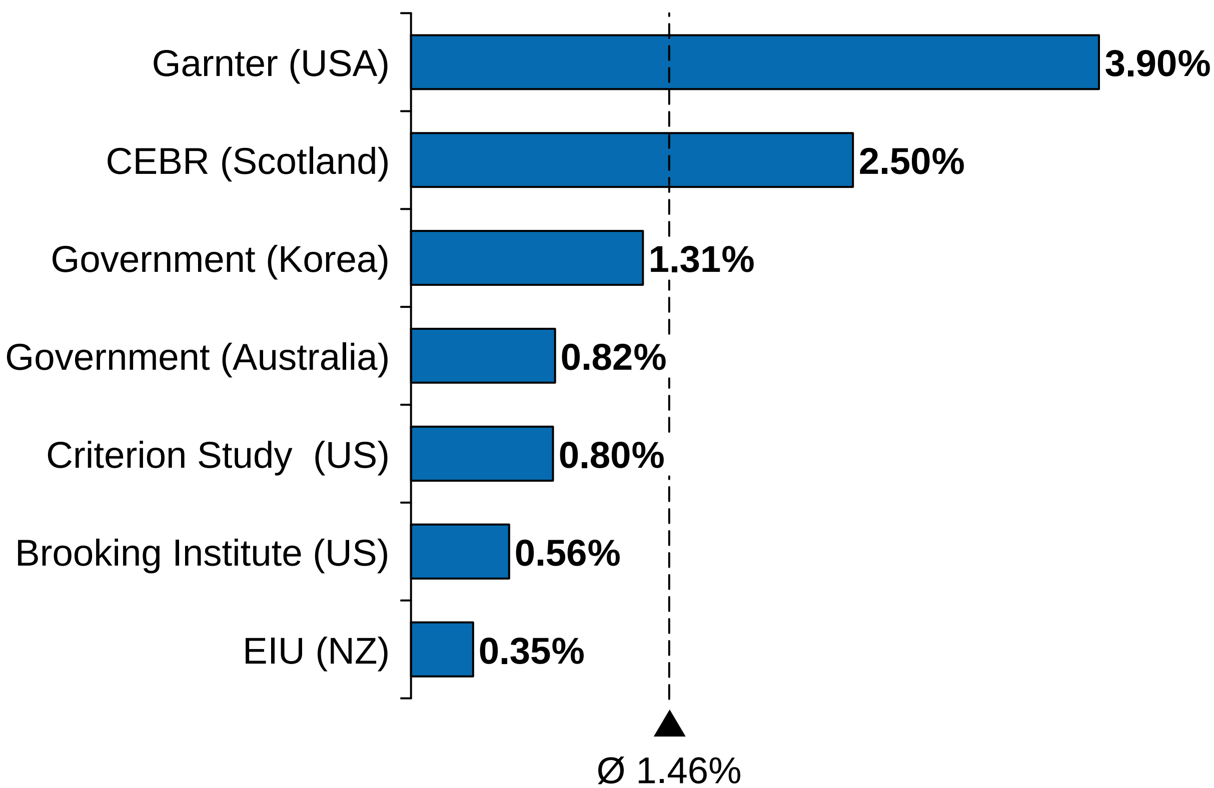
"… key to the future is next generation broadband"

Mohamed Al-Ghanim, DG UAE TRA

Broadband is expected to yield significant socio-economic benefits

1

National Broadband Networks Deployment Impact on GDP
(% increases within five years)



Socio-Economic Benefits

- Innovation
- Labor productivity
- National competitiveness
- Resources utilization
- Social inclusion
- Lifestyle

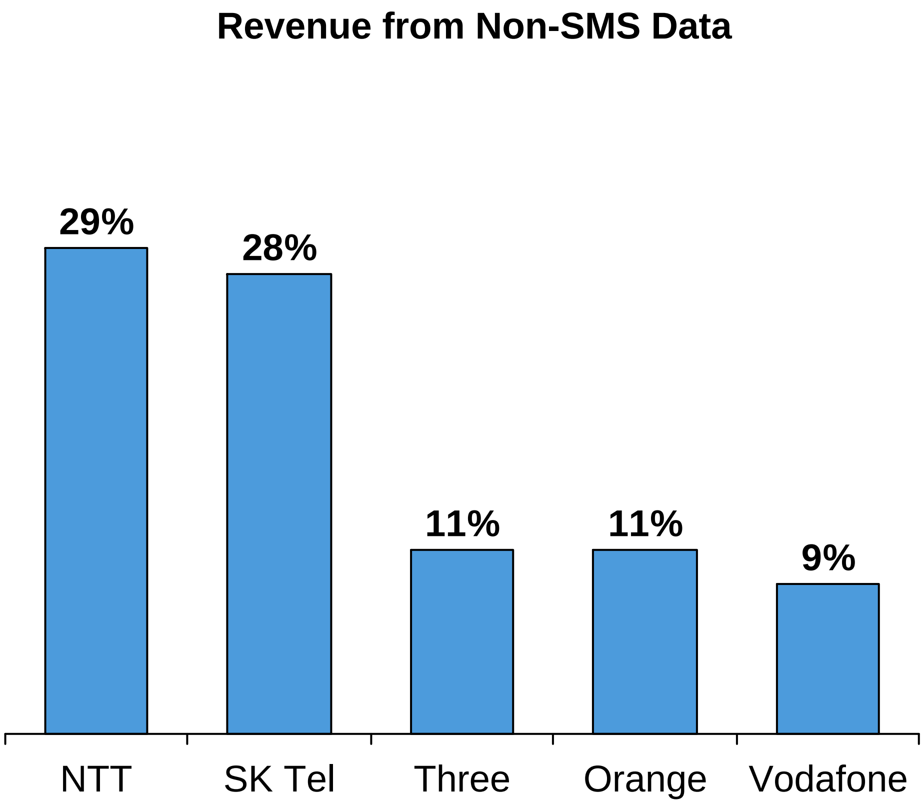
Source: Company websites, Press clippings, Government sites, Booz & company analysis

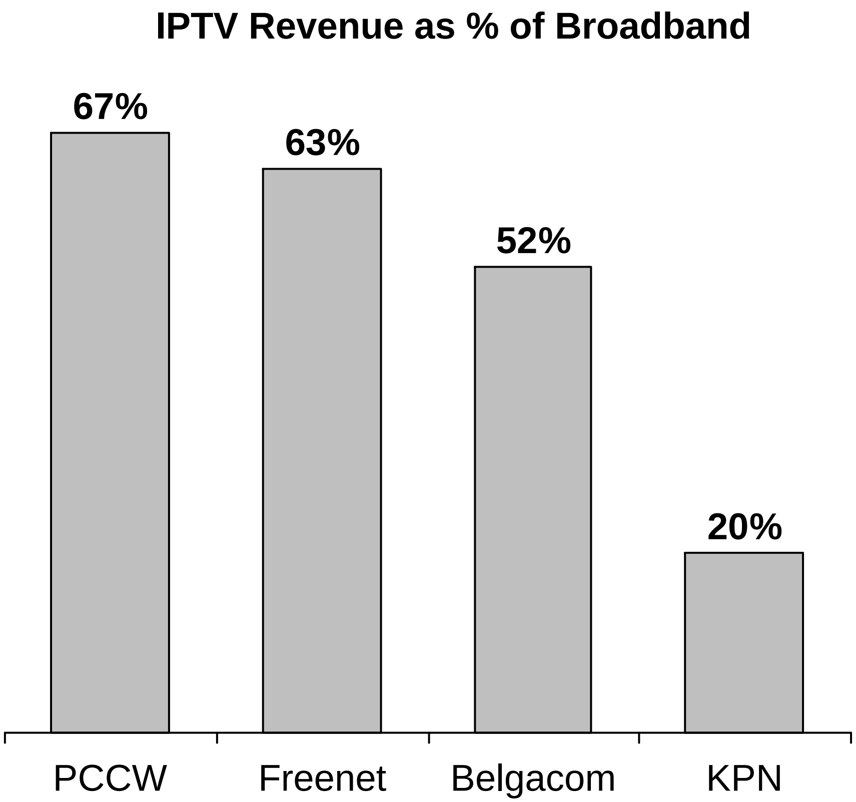
Operators are betting on Broadband as a key growth enabler

2

DIRECTIONAL

Impact of Broadband Uptake on Telcos
(2008)





Source: Booz & Company analysis

Yet deployment of next generation broadband networks is stalling

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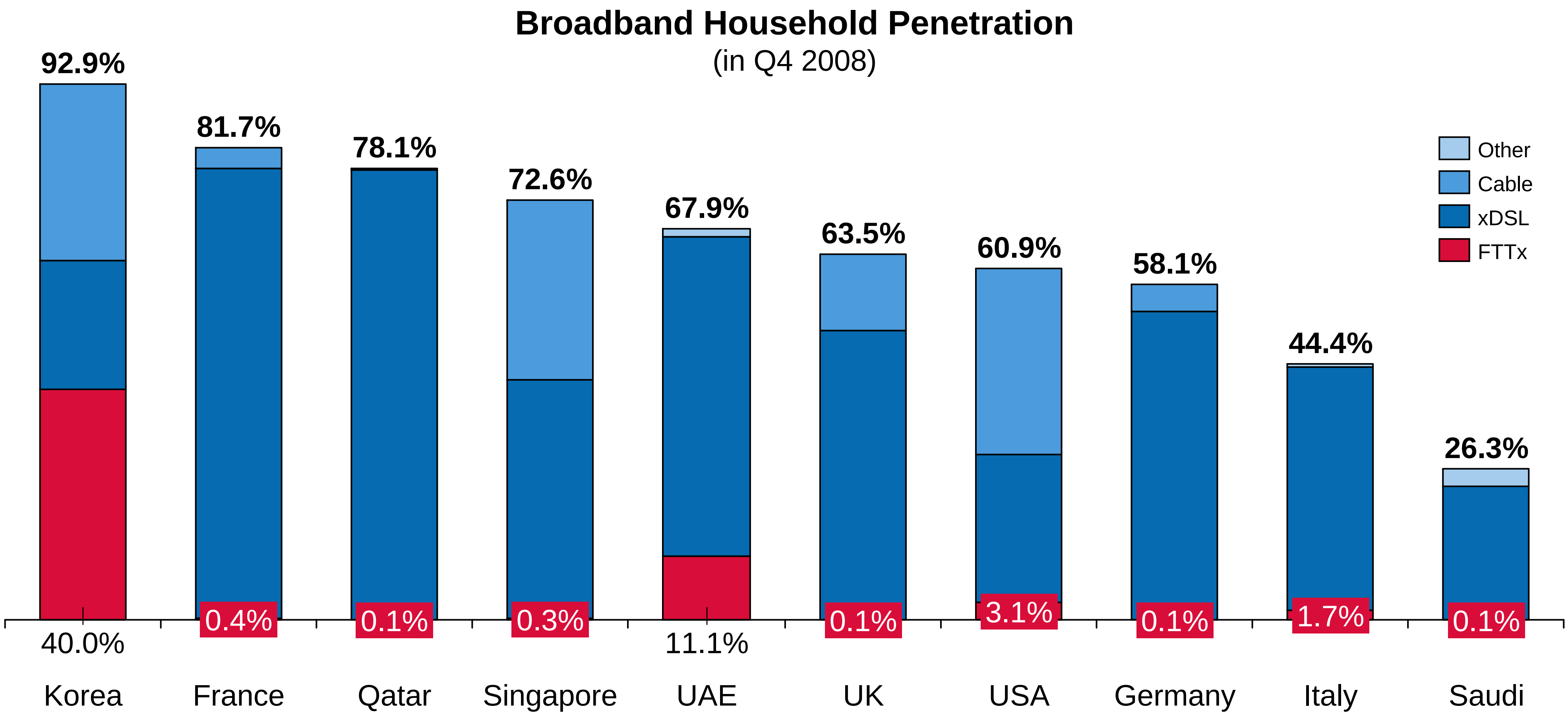
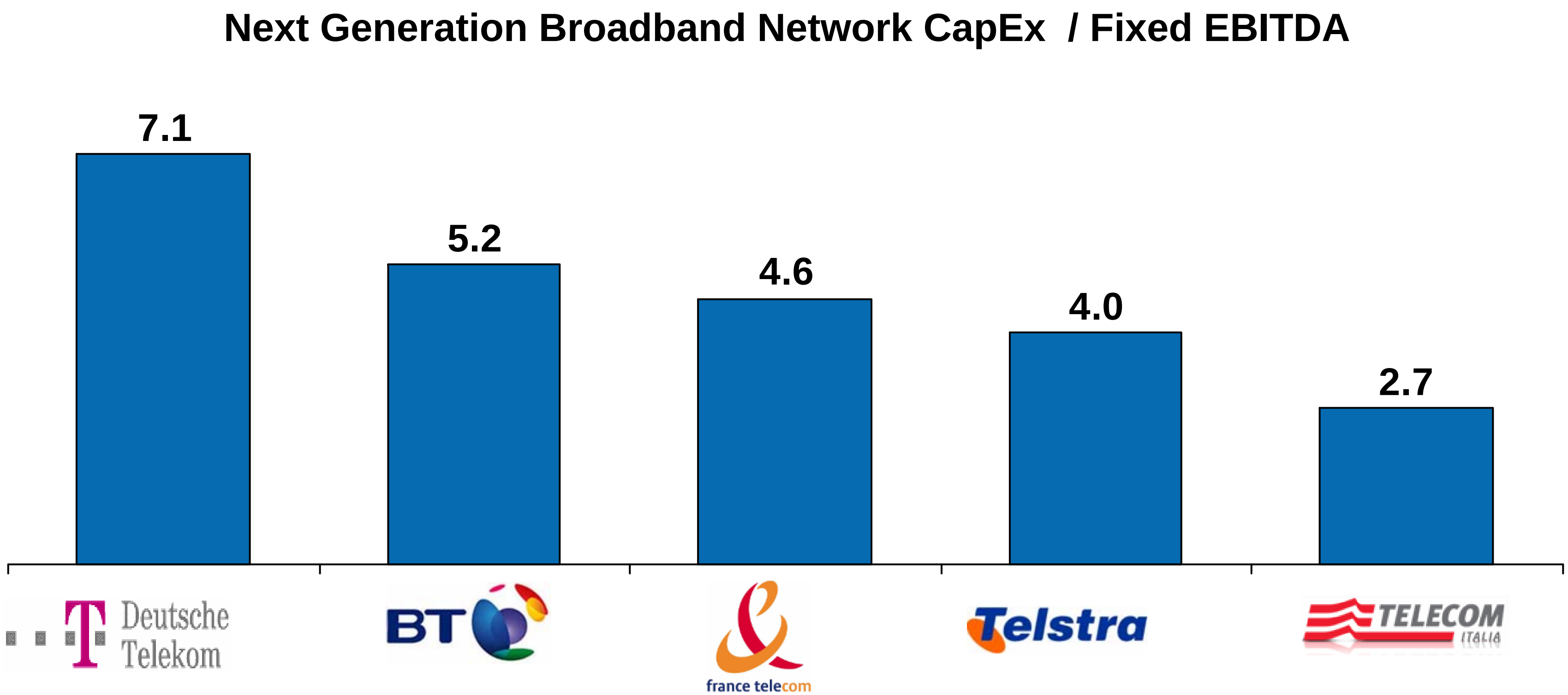


Source: WBIS, Booz & Company analysis

Investing in next generation national broadband networks is expected to significantly pressure operators financials

3



Note: Estimated EBITDA from fixed operations for 2008
Source: Informa, Operators' financial statements

Stakeholders are increasingly cooperating to address next generation broadband deployment inhibitors

3

Next Generation Broadband Deployment Inhibitors

Regulators	▪ Lack of clarity on next generation broadband regulation model ▪ Existing regulatory tools not viable for next generation broadband ▪ Announcements around infrastructure separation ▪ Open access and net neutrality considerations
Incumbents	▪ Mass deployment hindered by challenging financials ▪ High risk investments due to regulatory uncertainty ▪ Rapid technology evolution and competition between technologies
OLOs	▪ Differentiation based on services and applications rather than infrastructure ▪ Challenging business case for next generation broadband deployment in the absence of effective infrastructure sharing ▪ Rapid technology evolution

The economic downturn is accelerating governments investments in broadband networks

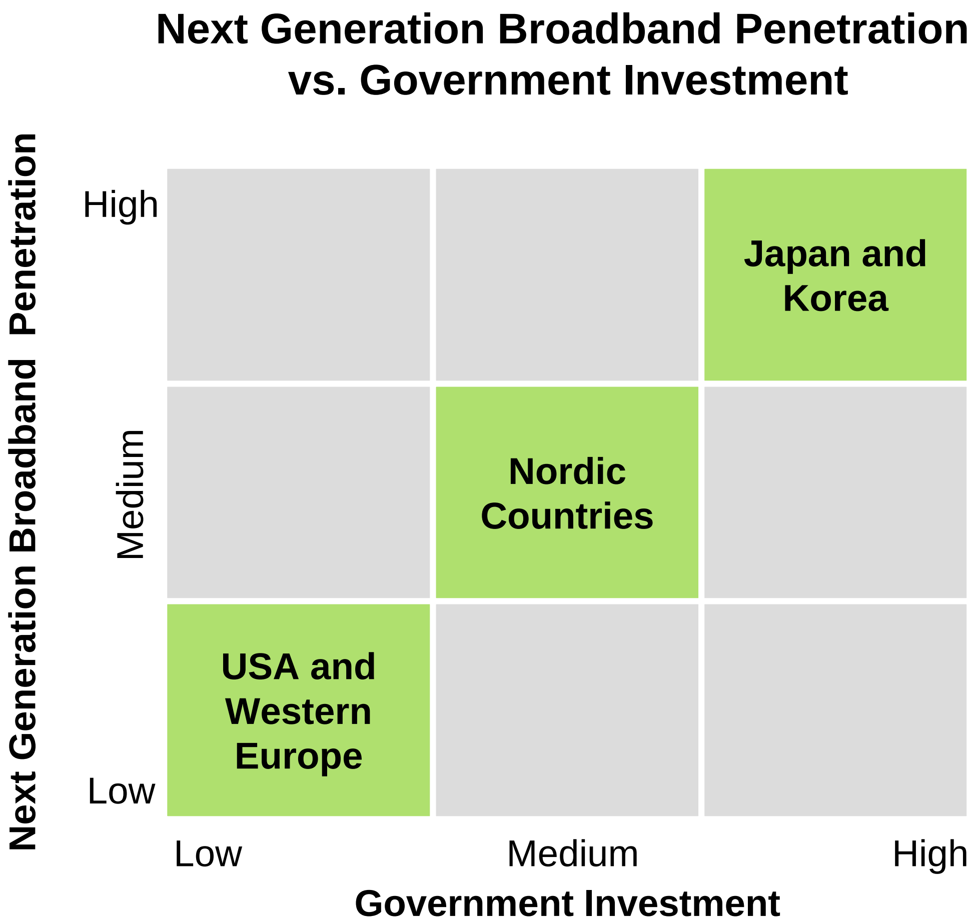
4

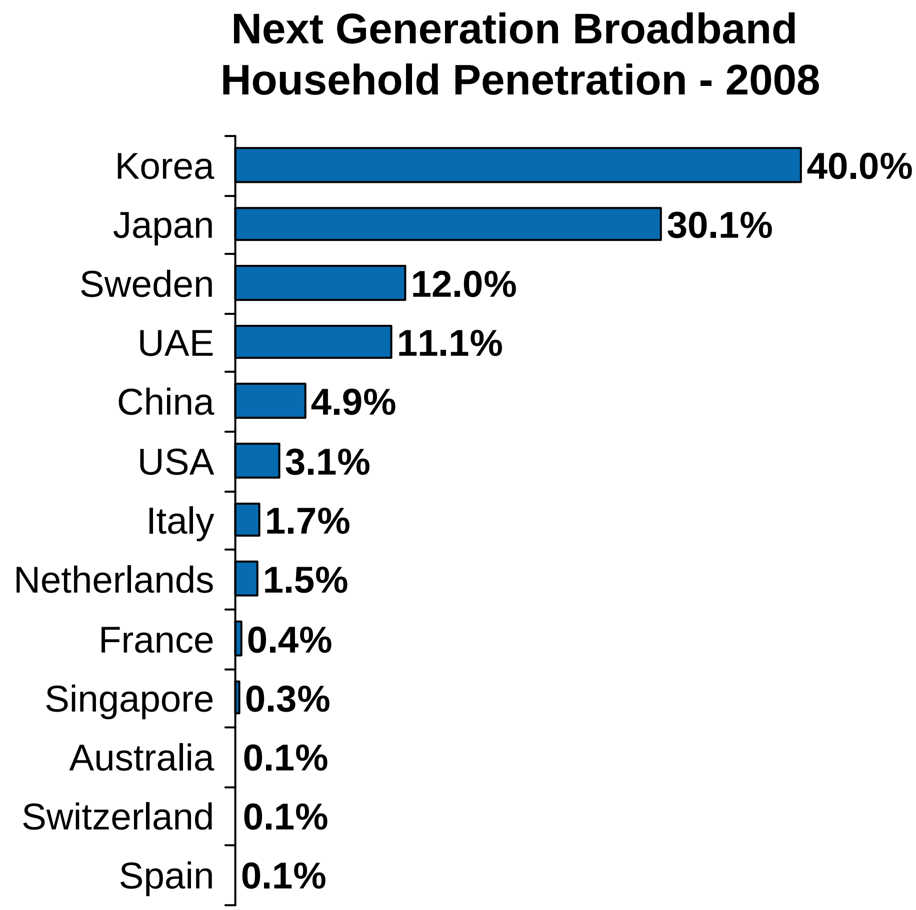
Government Investments in National Broadband Networks

Country	Date Announced	Target Speed	Target Penetration	Target Year	Total Investment USD Bn	Investment Per Capita USD
Korea	2009	1 Gbps	100%	2012	24,600	502
New Zealand	2009	100 Mbps	75%	na	1,500	219
Australia	2009	100 Mbps	98%	2017	30,000	1,448
Singapore	2008	100 Mbps	90%	2012	600	148
Malaysia	2008	100 Mbps	100%	2018	714	28
Greece	2008	100 Mbps	50%	2017	2,820	264
Japan	2007	100 Mbps	100%	2010	13,600	106

Government investments has been effective in accelerating next generation broadband uptake in leading markets

4





Source: Booz & Company analysis

To overcome regulatory and business pressures, new business models are emerging

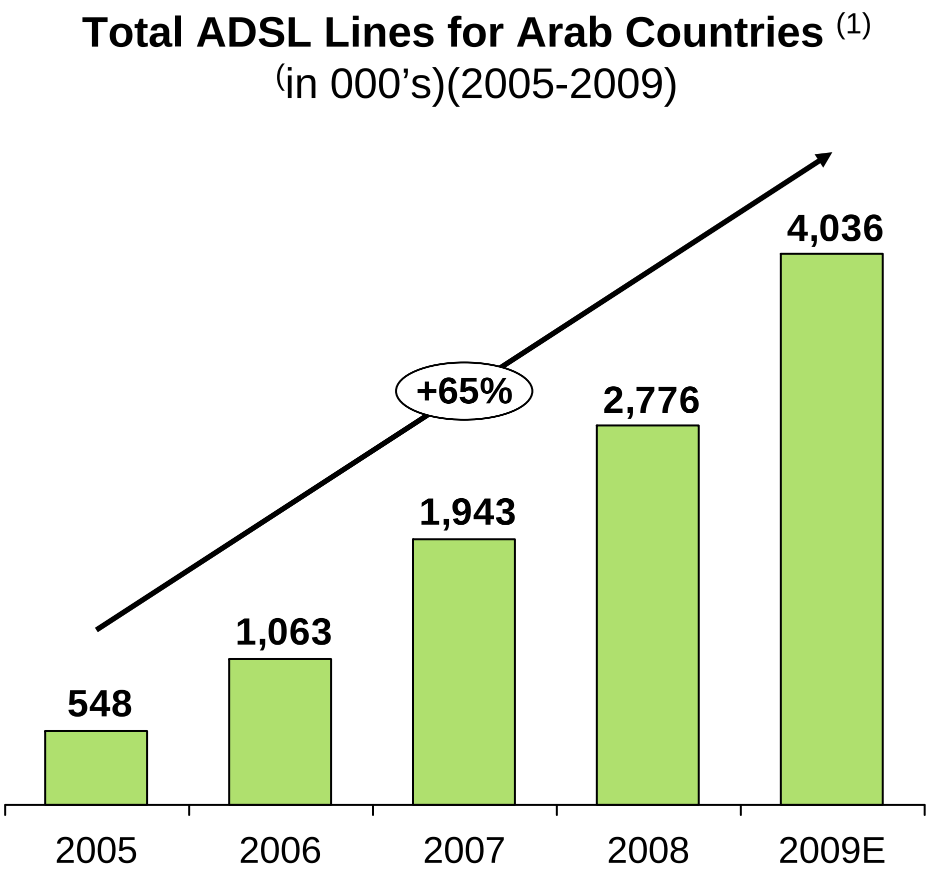
5

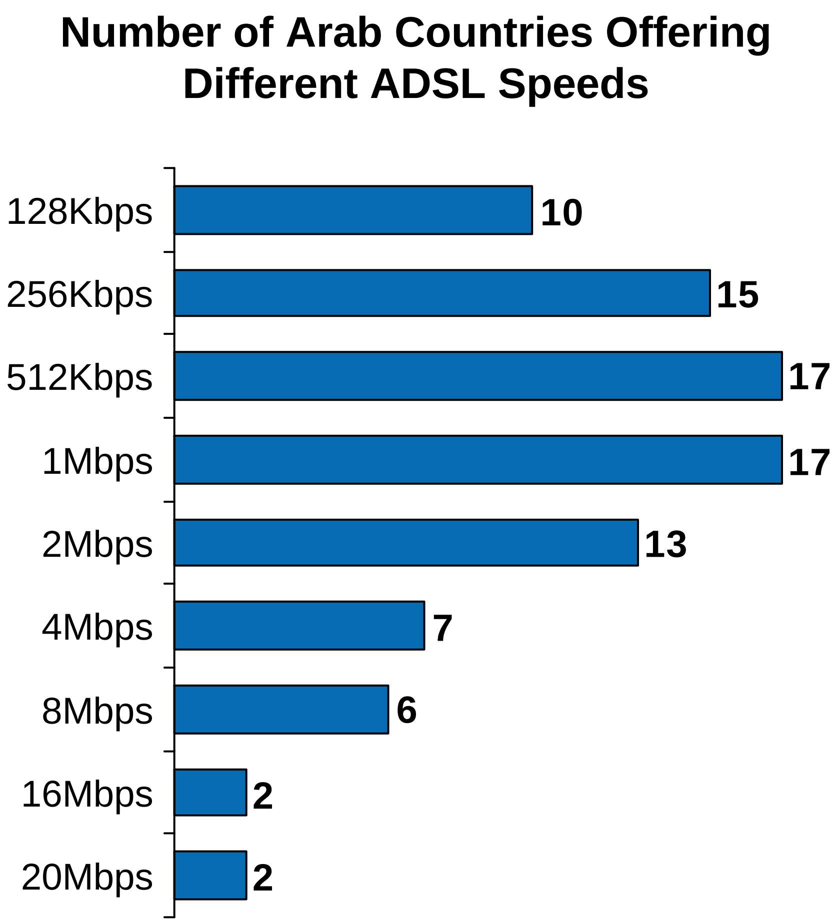
	Passive Network Provider	Active Network Provider	Service Providers	
Australia	New Network Entity		Existing Players	▪ Australia is investing USD 30 Bn. In a new network company offering active services
Sweden	Municipal Networks	Service Providers		▪ Sweden has several municipal passive networks which lease to service providers
Singapore	Opennet	Nucleus	RSPs	▪ Singapore implemented three tiered separation model to facilitate its NBN deployment
New Zealand	Chorus (TNZ's network unit)		Service Providers	▪ Telecom New Zealand spun off its network business into a new unit in 2008,
UK	Openreach		Service Providers	▪ BT's Openreach provides active services to all retail service providers in UK
Italy	Telecom Italia Business Unit	Service Providers		▪ Telecom Italia has setup a separate business unit which will lease passive services

Voluntary Separation

Source: Booz & Company analysis

In the Arab world, broadband is growing at unprecedented rates

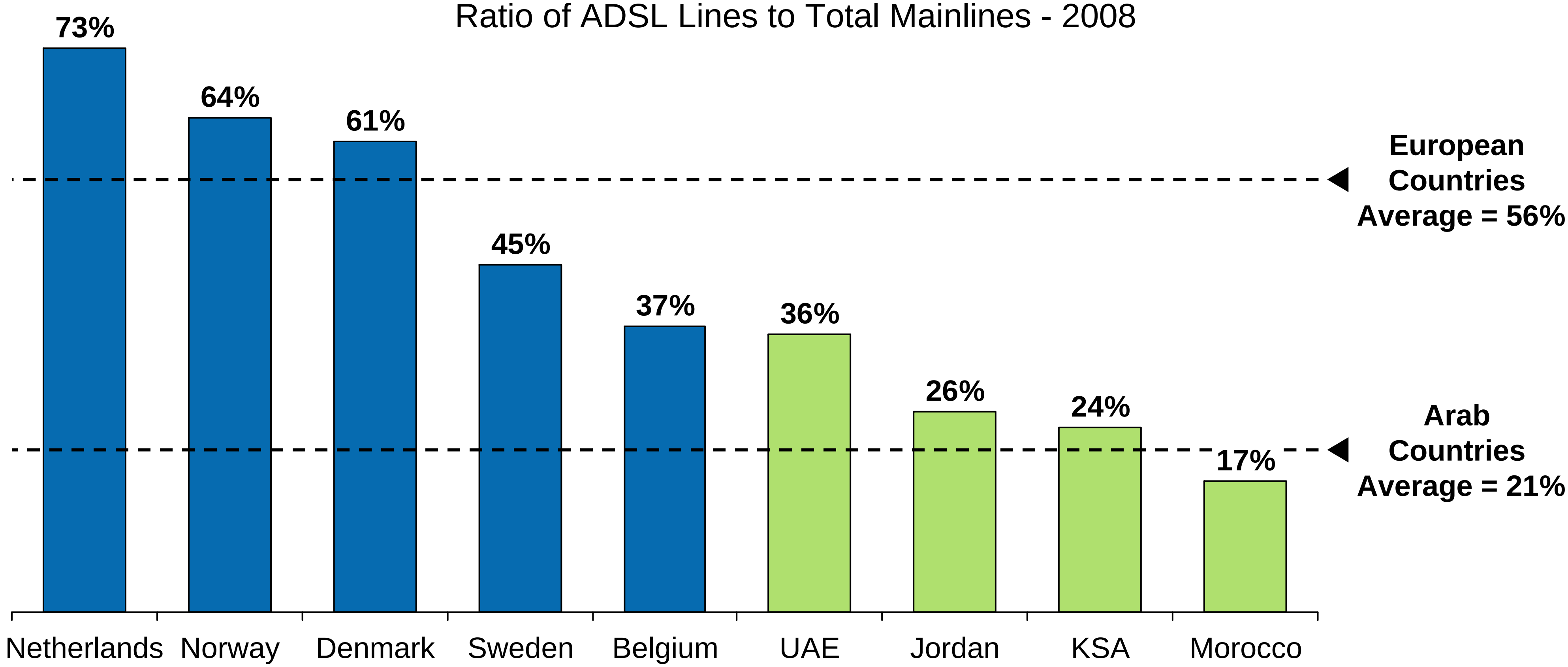




1) Sum of ADSL lines in Egypt, Jordan, KSA, Kuwait and Oman
2) Sum of ADSL lines in Denmark, Netherlands, Norway, Sweden and Belgium
Source: AAG, Merrill Lynch, Booz & Company analysis

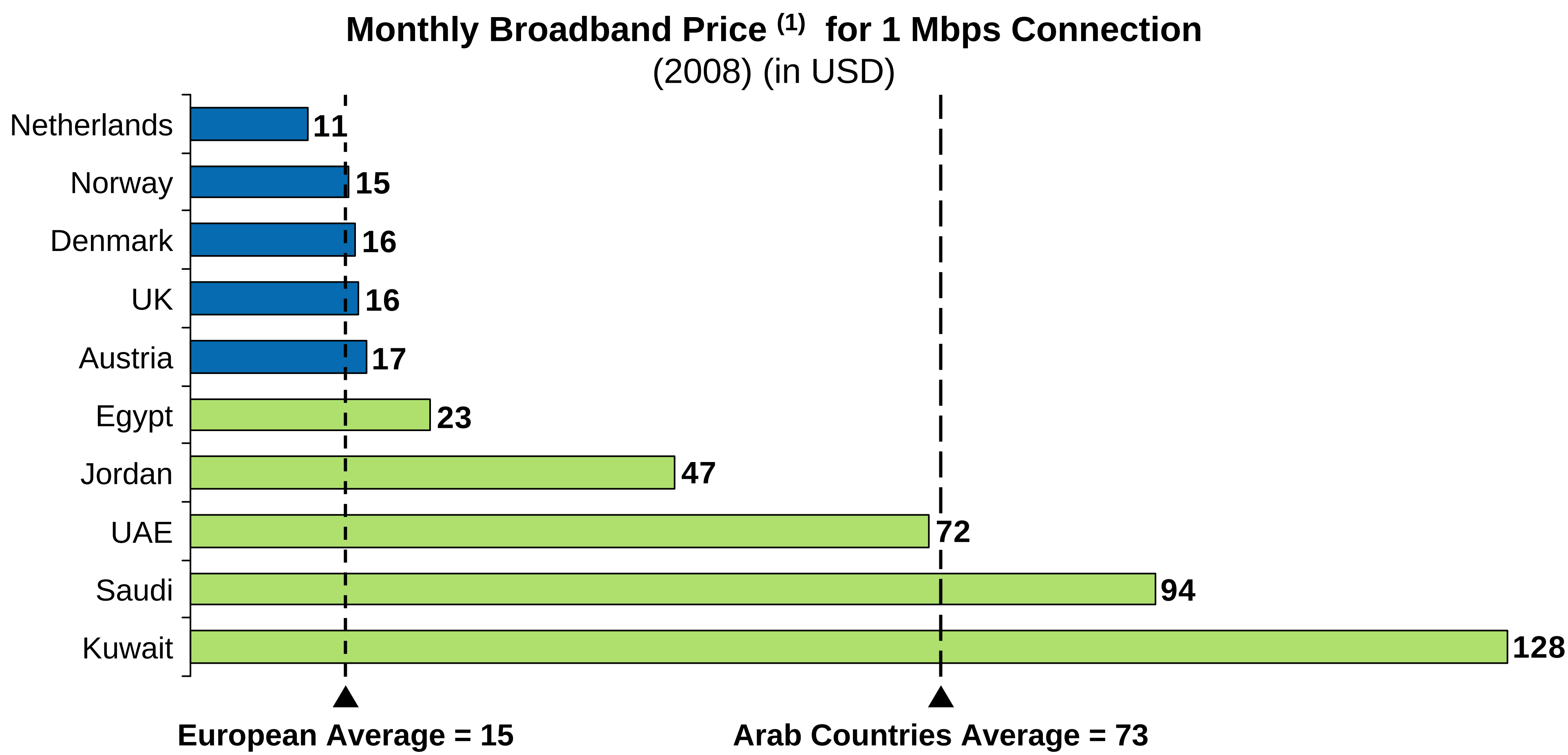
A clear gap remains to be bridged in terms of penetration

Broadband Penetration in Selected European Countries vs. Arab Countries
Ratio of ADSL Lines to Total Mainlines - 2008



Source: Merrill Lynch, AAG, Booz & Company Analysis

Similarly, broadband prices remain significantly high in the region



1) Monthly price for renting a 1 Mbps connection in the country
Source: Informa, OECD, Booz & Company analysis

Fulfilling Broadband potential in the region requires policy makers, regulators, and operators to answer a set of questions

- What type of broadband do we need in the region?
- How fast should next generation broadband networks be built?
- What policies are needed to accelerate broadband deployment and incentivize investments?
- Should governments consider investing in national broadband networks?
- How could regulators preserve effective competition in broadband markets?
- What business models would facilitate next generation broadband networks build-up?
- To what extent are competing operators ready for substantial infrastructure sharing deals?
- What can be done to develop the demand size: human capital, applications and content?