Slides for Cullen

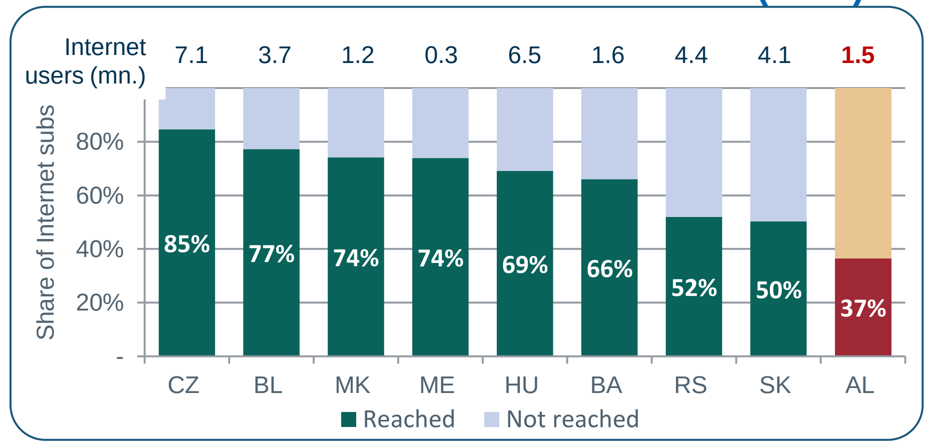
Eagle / Albtelecom Merger

27 September 2011

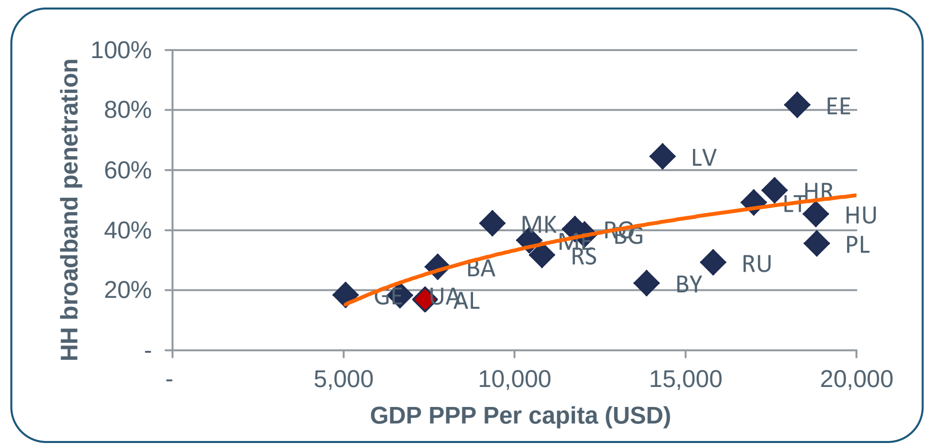
The Albanian market is under-served – significant investments are required to meet market demand

- Albania has a large number of regular internet users – close to 50% of the population
- However, only 37% of users subscribe to a broadband service
- 3G services have been launched by Vodafone only – the second 3G licence was awarded in September 2011
- Fixed broadband services have yet to make a full impact in the market
  - Albtelecom is currently upgrading its network to reduce average local loop length to deploy faster broadband access
  - Alternative operators have focused on major metro areas only

Internet users reached with broadband (2010)



Broadband penetration vs. GDP PPP per capita (2010)



Sources: TeleGeography, IMF, Data Centrum market research, Federation of European Employers

Although Extensive investments are made, ROCE very much under the reasonable rates

Country	Fixed Incumbent Operator	Key financial ratios and performance indicators
		ROCE
Croatia	T-Hirvatski Telekom	8.28%
FYROM	Makedonski Telekom	30.02%
Turkey	Turk Telekom	36%
Albania	**Albtelecom**	**3.82%**
Bosnia&Herxegovina	BH Telecom	5.50%
Montenegro	T-Com Montenegro	9.67%
Serbia	Telekom Serbia	12.7%
Kosovo (UNSCR 1244)	PTK	17.93%

Souce: Cullen International: Enlargement Countries Monitoring Report, December 2010

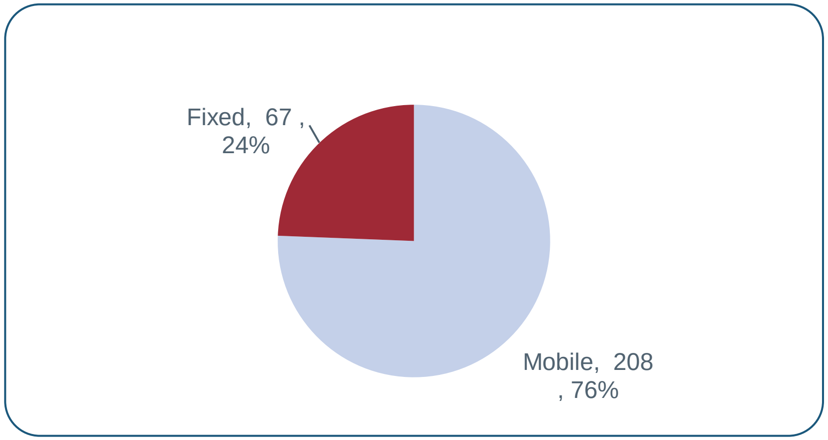
The merger will bring significant benefits to the customer through lower prices and improved offerings

Management and shared functions	Single management Shared support functions Optimised real estate portfolio
Sales and customer support	Single call centre Joint distribution channels Cross selling
Marketing	Single brand and single customer proposition
Platforms and IT	Common service / content platforms Shared CRM and single billing system Common network management
Network	Dual access network Common all-IP core and backhaul networks Mutualised outsourcing

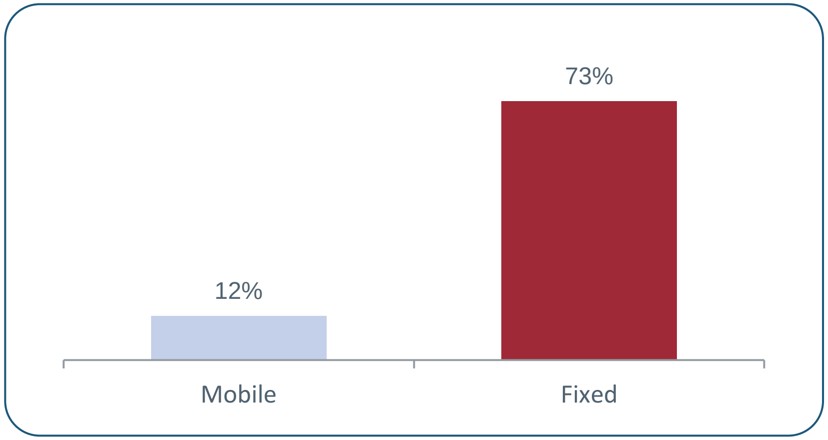
Customer centric

The merger will not increase market concentration as both entities operate in different markets – jointly they represent under a third of the market

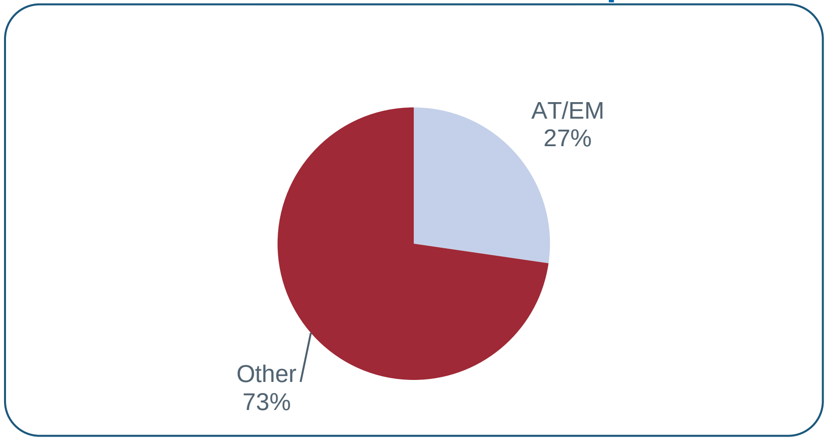
Telecoms market spend 2011



AT/EM market share 2011



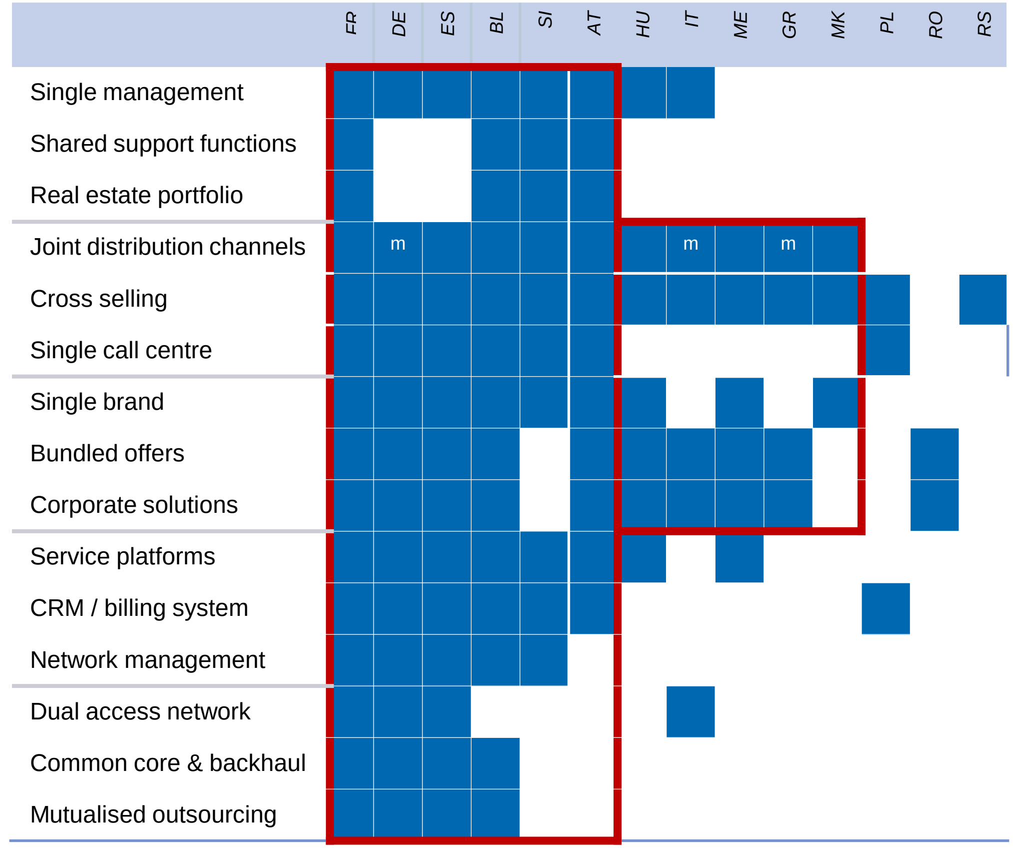
AT/EM market share of market spend 2011



The merger of fixed and mobile subsidiaries is an established trend in selected European countries is following suit

- The merger of fixed and mobile businesses is driven by market changes and cost efficiency imperatives
- These mergers have been implemented without significant regulatory barriers – majority of mergers involved leading operators in both fixed and mobile markets
- The operational merger can take several years – typically the impact is positive in a 3 to 4 years horizon

Merger status in selected European countries



Note: (m) corresponds to the selling of mobile products through channels for fixed products (but not the other way round)