unitech wireless

Investor Communication

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Update on transaction with Telenor

- On 28 October 2008, Unitech Ltd. entered into an agreement with Telenor whereby Telenor would acquire a 60% stake in Unitech Wireless via fresh equity infusion
- One of the closing conditions is the signing of definitive tower sharing and transmission agreements
- Commercial tower sharing agreements have now been signed
- Following the deal closure Unitech wireless will be managed by Telenor.

Strategic Partner – Telenor – Largest global mobile operator in Asia

- Seventh largest mobile operator in the world
- Subscriber base in excess of 160 million
- Headquartered in Norway; Owned 54% by the Government, Norway
- Listed at the Oslo Stock Exchange
- Revenues in 2008 of approximately USD 16 billion/ NOK 111 billion (including Kyivstar) and a work force of more than 35,800 domestically and abroad
- Operations in 13 countries with significant expertise in emerging markets particularly in Asia – Thailand, Malaysia, Bangladesh
- Expertise in rural telephony “Grameen mobile” in Bangladesh

telenor

Telenor to inject Rs.61.2 billion of new equity in Unitech Wireless in 2009

	Qtr. ended March 31, 2009	Qtr. ended June 30, 2009	Qtr. ended September 30, 2009*
Telenor cash injections	① Rs.12.5 billion upon closing	② Rs.15.0 billion	③ Rs.15.0 billion ④ Rs.11.2 billion
Cumulative cash injection	Rs.12.5 billion	Rs.27.5 billion	**Rs.53.7 billion**
Telenor ownership	25.9%	43.3%	54.3-60.0%

- Telenor to inject Rs.53.7 billion of new equity in 4 tranches to reach 60% ownership
- To maintain its ownership share when Unitech Ltd converts Rs.5.0 billion of its shareholder loan to equity, Telenor will inject an additional Rs.7.5 billion into Unitech Wireless
- In total, Telenor will invest new funds of Rs.61.2 billion (Rs.53.7 billion + Rs.7.5 billion) in 2009
- Of the cash injected into Unitech Wireless, approximately Rs. 4 billion will be used to repay debt to Unitech Ltd.

* Cash injections in Q3 are subject to prior FIPB approval

Impact on Unitech Limited Consolidated Balance Sheet

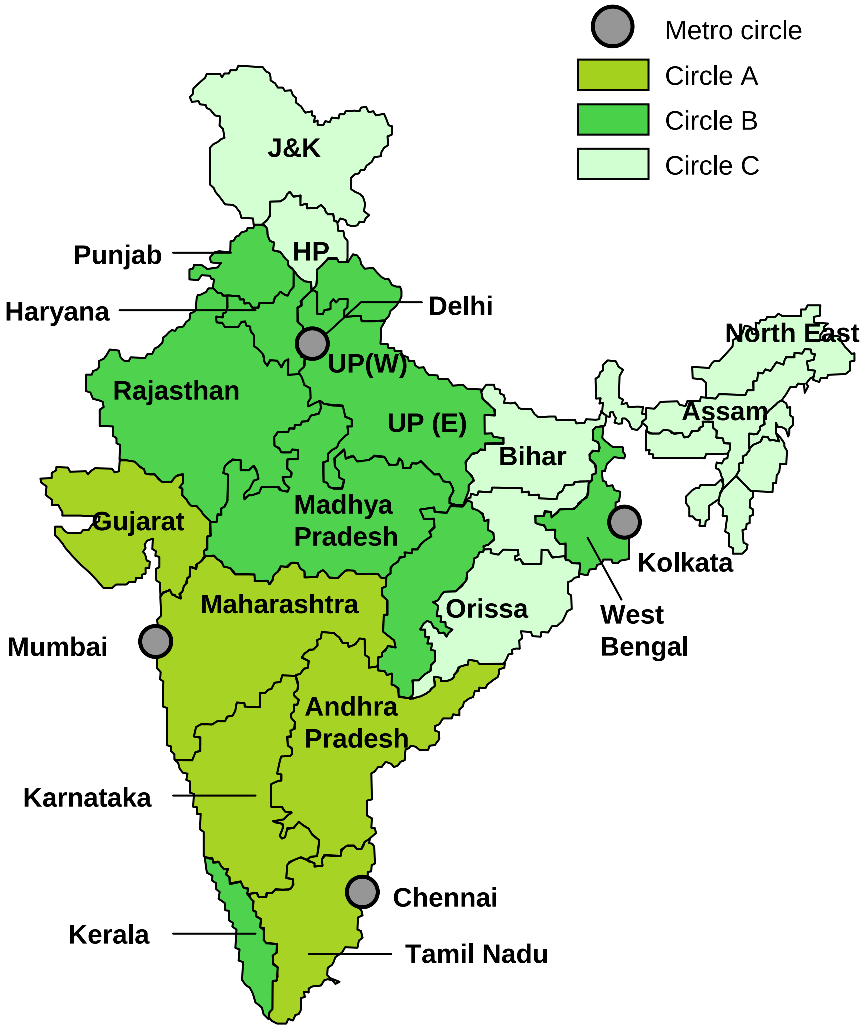
- Debt and Guarantees totalling INR 21 billion will be transferred to Unitech Wireless

- Approximately INR 4 billion will be paid to Unitech Limited by Unitech Wireless towards repayment of Shareholder loan.

- Unitech Limited will have an economic interest of 40% in Unitech Wireless. Based on entry valuation of Telenor, Unitech's economic interest is valued at INR 40.80 billion.

Unitech Wireless has received spectrum in 21 of 22 circles

India telecom circles



- Unified Access Service license valid for 20 years for all 22 circles in India
- Spectrum granted in 21 of 22 circles, with population coverage of 1,135 million (98%)
- Spectrum in Delhi expected during 2009
- Initial spectrum of 4.4 MHz per circle
- Additional spectrum to be allocated based on subscriber thresholds

Tower sharing agreement in place

- As announced on 11 February 2009, Unitech Wireless has signed an agreement for tower access and transmission with Wireless-TT Info Service Limited (WTTIL), the Tata Teleservices tower company and Quippo Telecom Infrastructure Limited (QTIL)
- In addition, an agreement for the provision of transmission services has been entered into with Tata Teleservices
- The tower sharing agreement covers approximately 40,000 sites, which will provide 55-60% population coverage by mid 2010
    - Approx. 22,000 existing towers in place by April 2009
    - Remaining towers to be built in 2009 and 2010 in accordance with needs of Unitech Wireless
- Tower sharing and transmission agreements have 20-year terms with 5-year extension options

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Update on transaction with Telenor

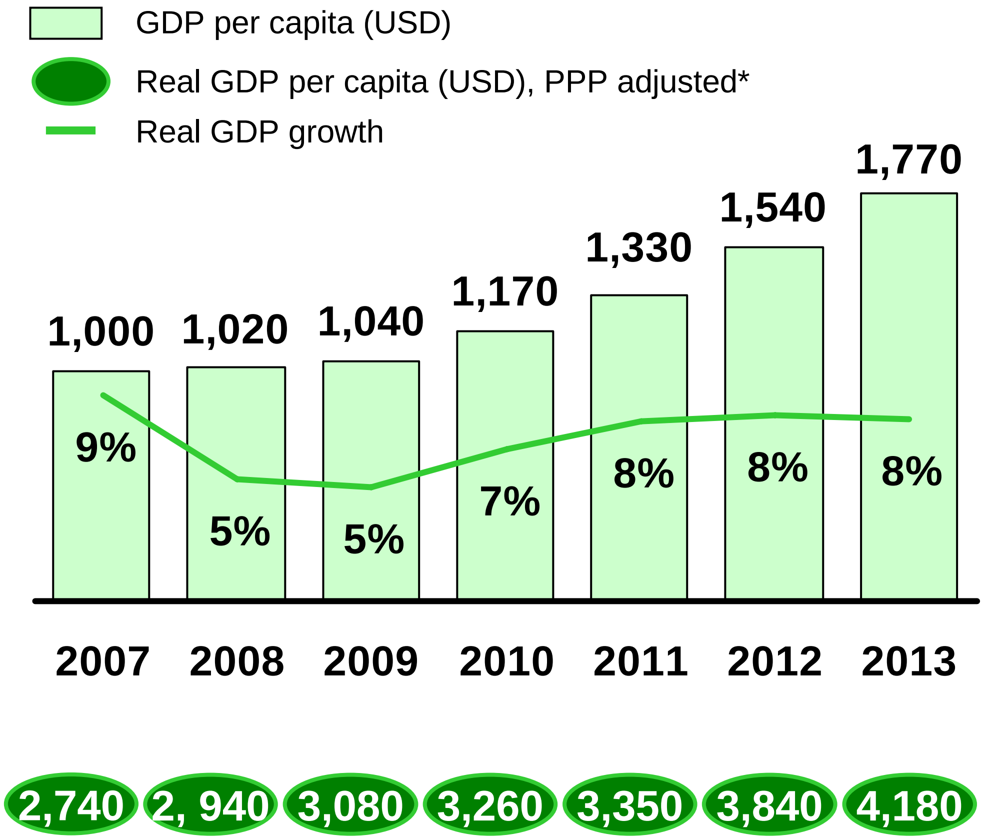
Business plan

- **Indian mobile market**
- Market strategy
- Operational strategy

Financing plan

India – A large and growing economy

GDP per capita (USD) and real GDP growth



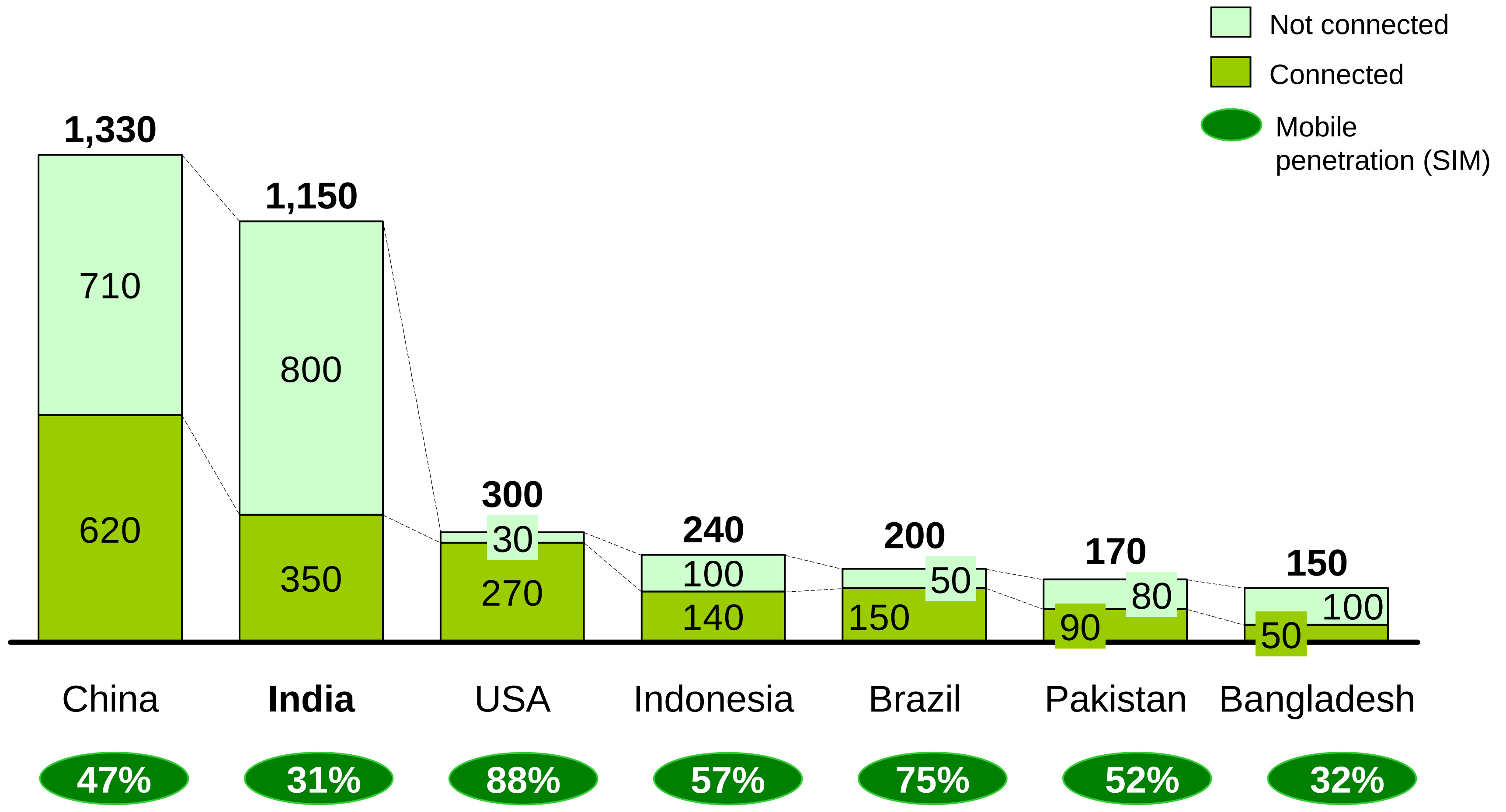
- Population of 1.15 billion expected to grow by 1.4% per year
- GDP forecast to continue to grow, although somewhat slower next 2-3 years
- GDP per capita expected to increase by ~80% from 2008 to 2013
- India to grow from world's 14th largest economy in 2007 to 9th largest in 2015

* Fiscal years starting April 1st of indicated year

Source: EIU (2009)

India is the world’s largest untapped mobile market

Population with and without mobile connections in 2008 (million)



Source: CIA fact book (Pop. July 2008) and wireless Intelligence (Connections December 2008)

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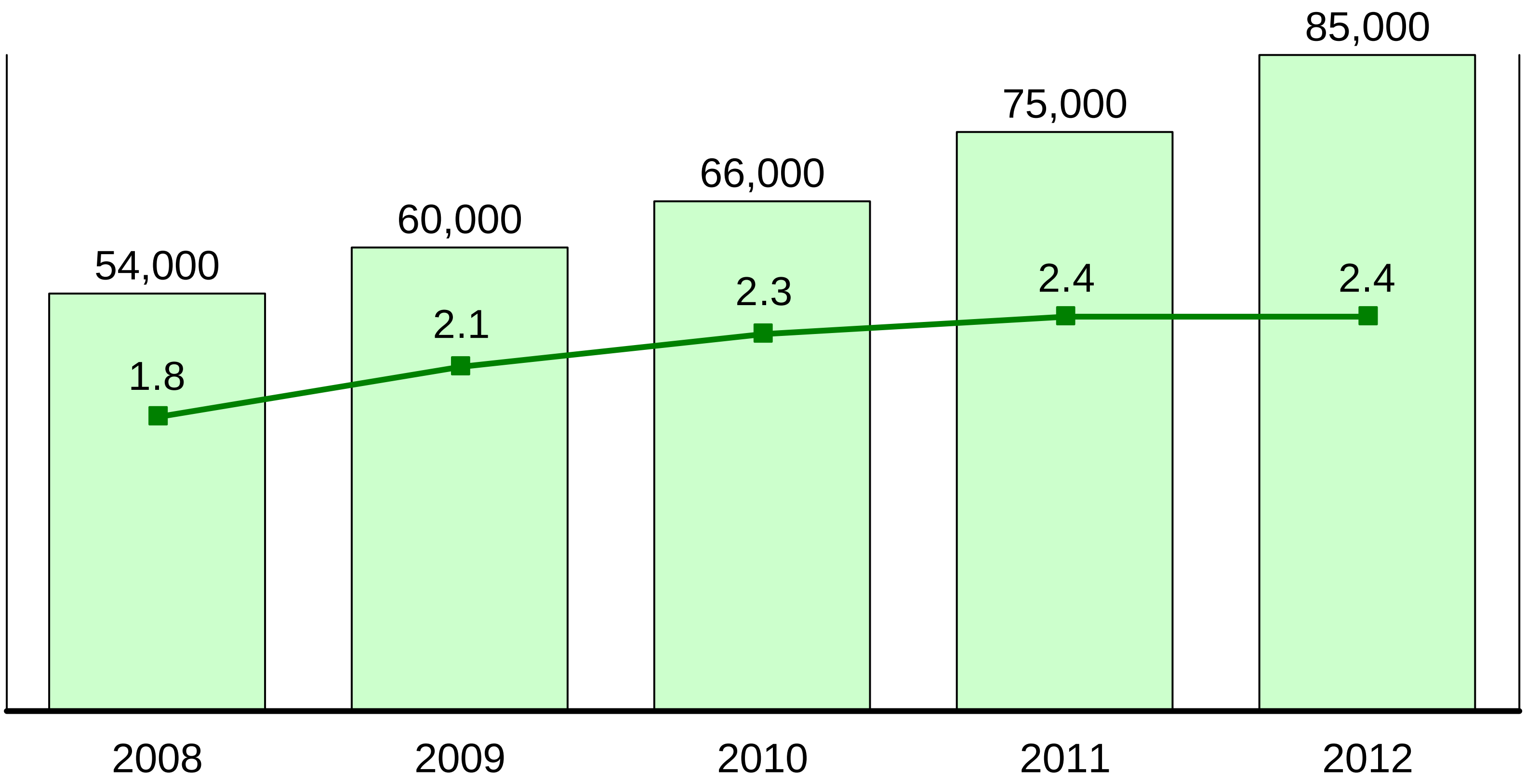
Mobile spend expected to grow to around 2% of GDP

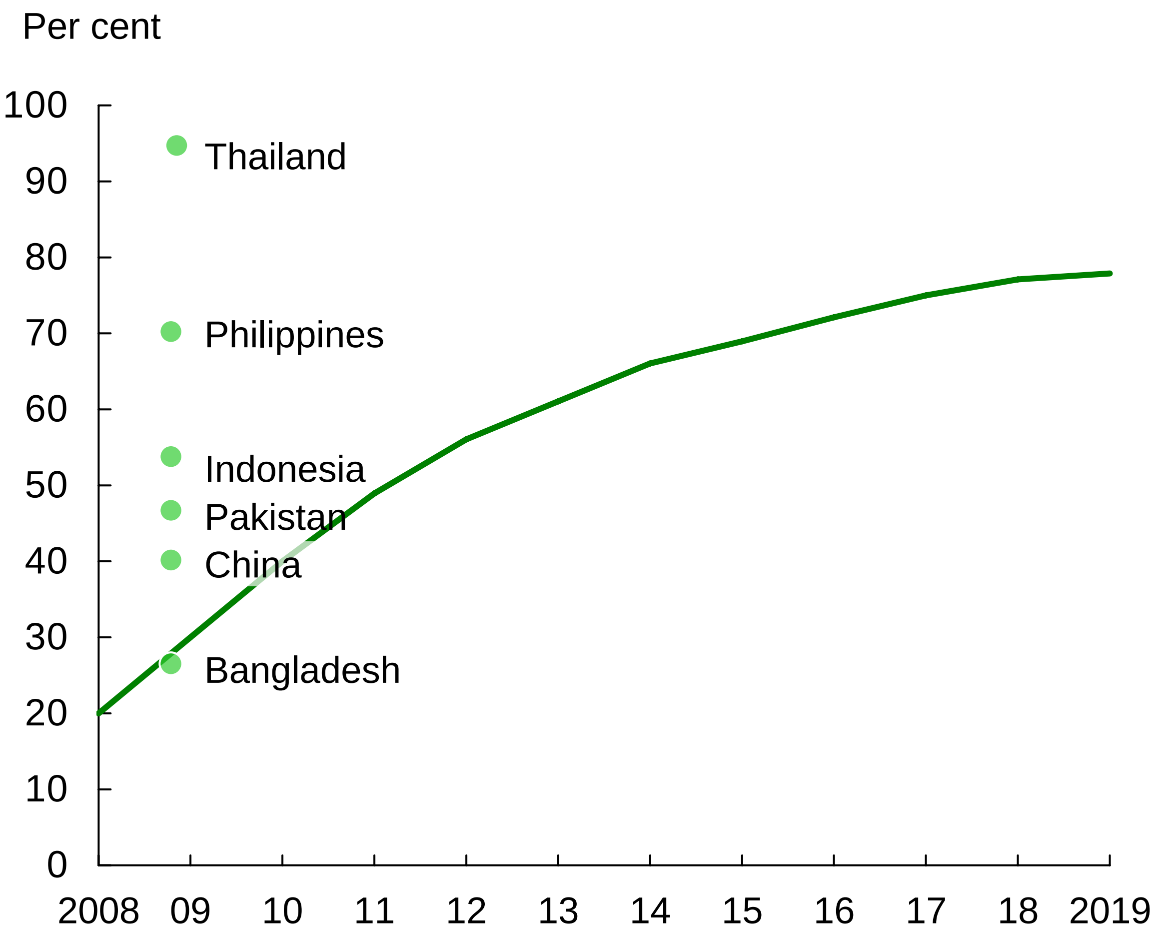
Nominal GDP (INR bn) / Mobile spend of GDP (%)



Source: Unitech Wireless estimate

Rapid subscriber growth expected to continue

Pan-Indian mobile penetration forecast

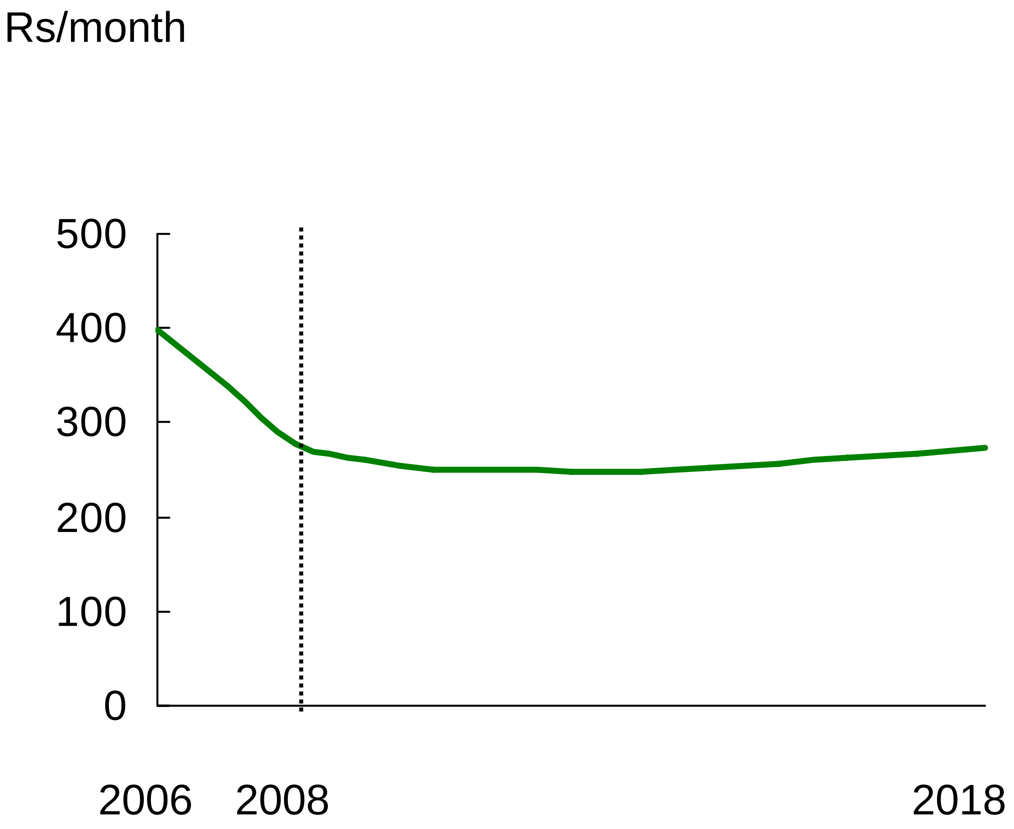


- 10 million monthly net adds in 2008
- Low fixed line penetration
- 8 mobile operators
- Growing middle class
- Increasing affluence

Source: Unitech Wireless estimate

ARPU expected to stabilize

Expected market ARPU



- GDP per capita to grow by 80% over next 5 years
- Continued sharp price reductions and MoU growth will be limited by spectrum
- ARPU decline expected to slow down as share of low-ARPU net adds relative to total subscriber base will decrease over time

Source: Unitech Wireless estimates for 2009 and beyond

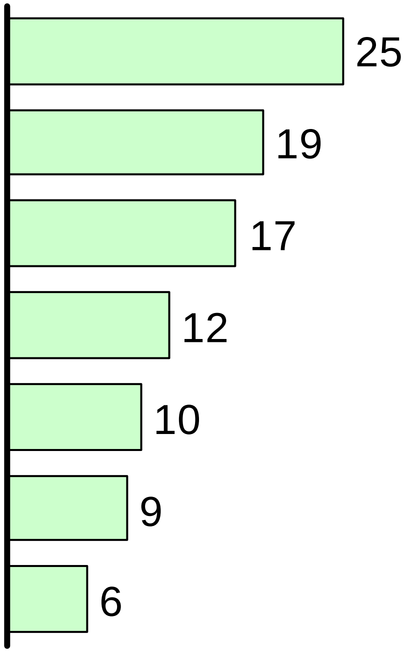
22 growth opportunities with different market characteristics

Circle	Population	GDP/cap (US$)	Penetration (Per cent)
Mumbai	23	4,936	72
Delhi	22	5,180	90
Kolkata	17	3,282	54
Chennai	12	3,402	70
Metro Circles	**74**		**73**
Maharashtra	88	4,936	30
Andhra Pradesh	82	3,487	32
RoTN	62		38
Karnataka	58	3,639	35
Gujarat	57	4,706	37
A Circles	**347**		**34**
U.P. (E)	125	1,754	18
M.P	92	2,166	18
U.P. (W)	74	1,899	22
West Bengal	72	3,282	18
Rajasthan	65	2,348	29
Kerala	34	4,181	41
Punjab	28	5,158	46
Haryana	20	5,582	41
B Circles	**510**		**24**
Bihar	124	1,413	13
Orissa	40	2,453	17
Assam	30	2,357	17
North East	14	3,026	19
Jammu & Kashmir	11	2,749	24
Himachal Pradesh	7	4,578	41
C Circles	**226**		**16**

- Significant scope for penetration growth in B and C circles
- High potential from churn in Metros and A circles
- Inter-circle segments can be targeted by age groups, disposable income, etc.

Source: Cellular Association of India, TRAI, Global Insight, Directorate of Economics & Statistics

No uniform competitive position taken across India



Operator	Market share 2008	Market position in circles					Total circles
		#1	#2	#3	#4	<#4	
Airtel	25	8	7	4	0	3	**22**
Reliance Communications	19	2	6	3	7	4	**22**
vodafone	17	7	3	3	2	6	**21**
BSNL	12	0	3	7	5	5	**20**
Idea	10	2	2	3	0	8	**15**
TATA indicom	9	0	1	0	6	15	**22**
AIRCEL	6	3	0	1	2	4	**10**

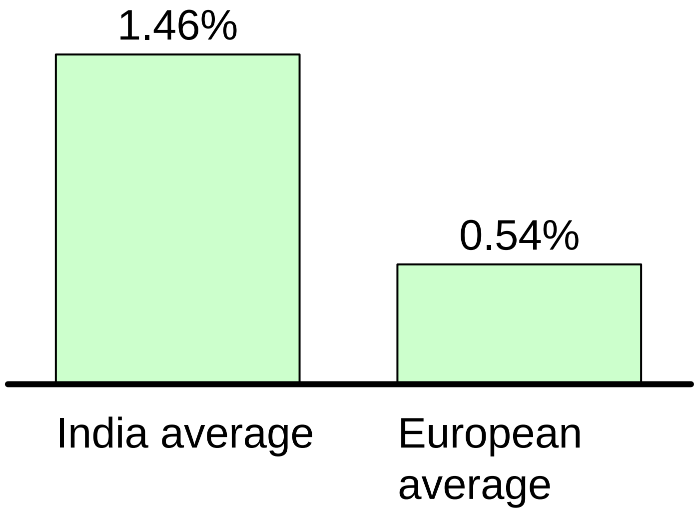
* Other operators, constituting a total market share of 2%, include MTNL (1.5%)

Source: Company reports

Indian customers are unhappy with the quality of existing offers

Poor market performance . . .

High call setup failure rates . . .



. . . as well as high call drop rates:

More than 3 out of 5 users face call drops 1 - 2 times out of 10

. . . and low customer satisfaction

"When people choose their SIM cards, they check if the network will be strong in their house "

– **Mobile store manager**

"Network signal in major cities is very poor. When I am on the road, the signal drops several times"

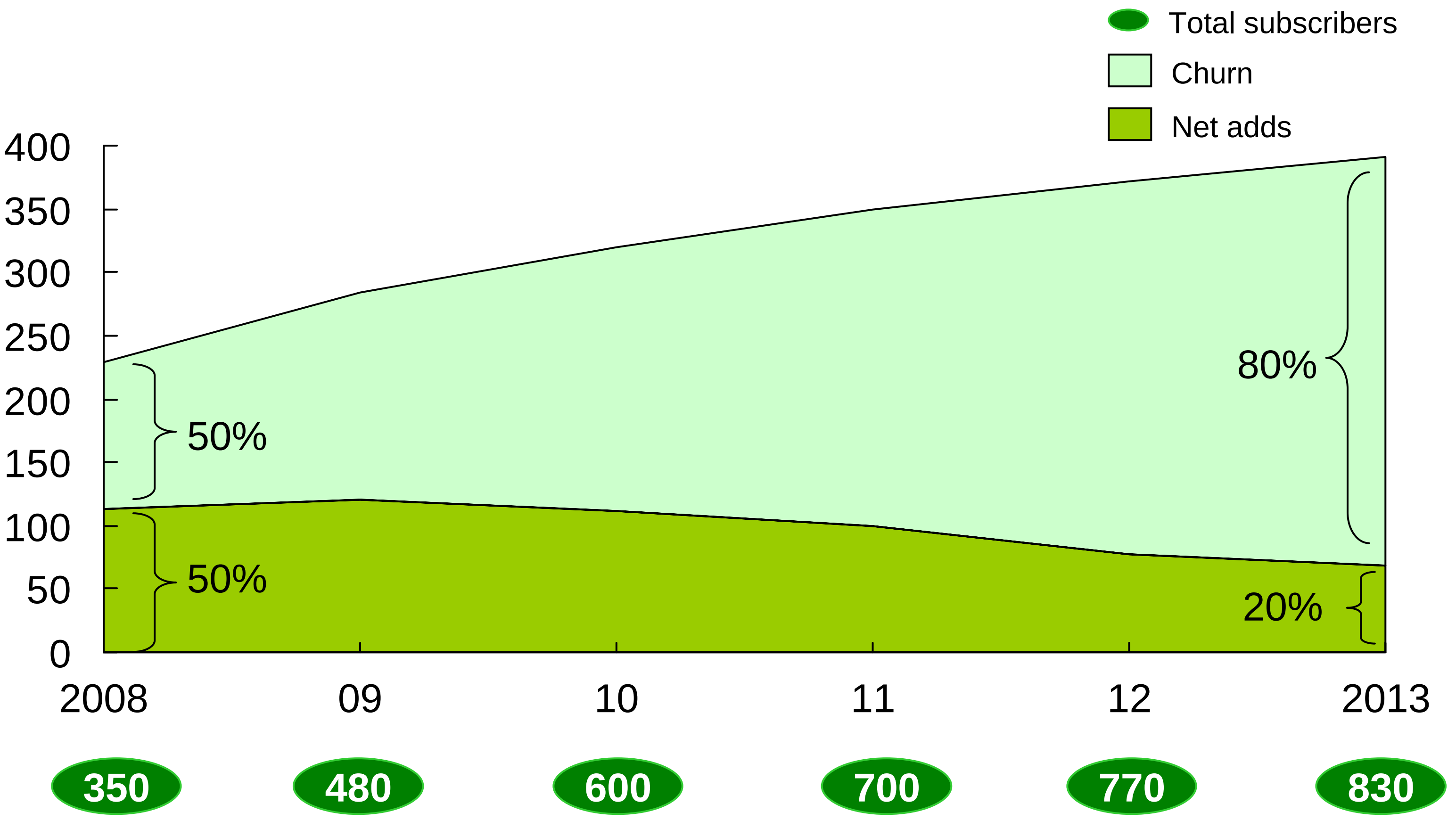
– Corporate subscriber

Almost **2 out of 5** users said they would change service provider if they could retain their number

Source: TRAI, ART France yearly regulator survey, customer interviews

Customers on the move creates opportunities for new entrants

Gross subscriber potential in India per year (in millions)



Source: Unitech Wireless estimate. Average market churn estimated to around 40% per year

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Telenor to bring best practices from other Asian markets

Targeted offerings and distinct branding

- Design specific offers for each segment
- Automated lifecycle program for usage stimulation and retention
- Tariff packages designed to stimulate ARPU and loyalty
- Strong visual profile

Excellence in distribution

- 1 million pan-Indian distribution points in 36 months
- Strong value proposition towards distribution partners
- Establish long term partnership with distribution players
- High-quality operator shops

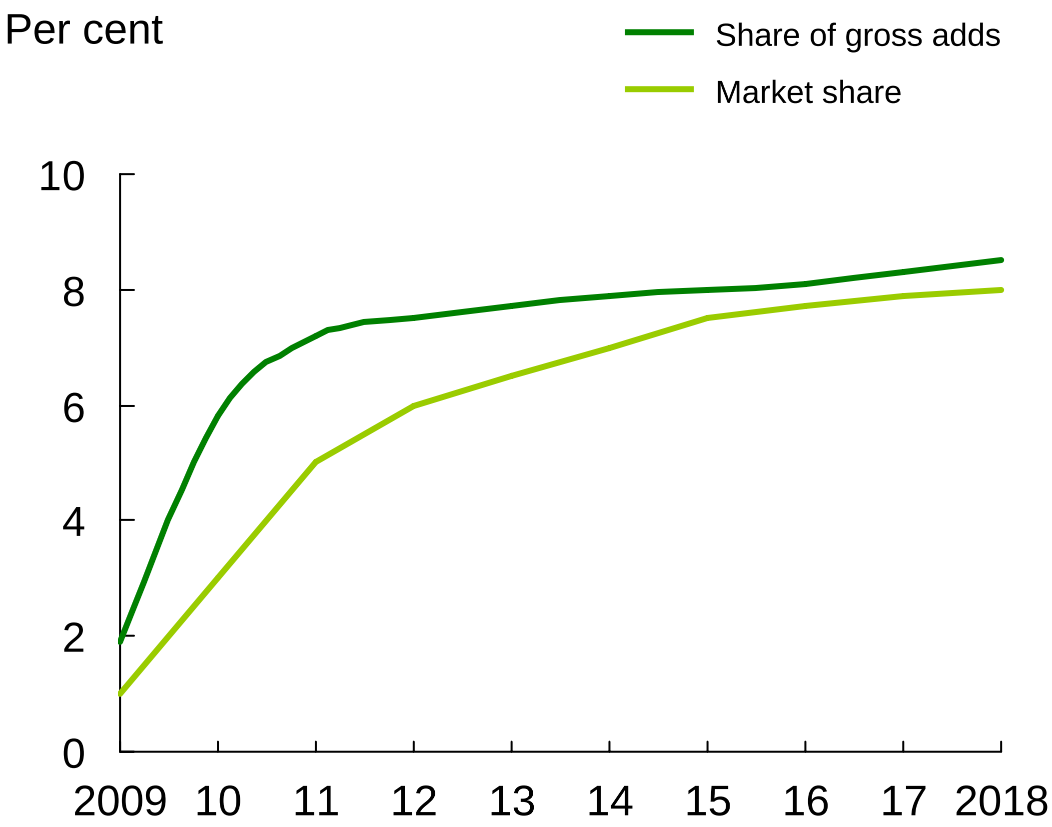
Telenor to bring best practices from other Asian markets

Customer lifecycle management

- Automated lifecycle program for usage stimulation and retention
- Adding value to the SIM
- Being the preferred SIM
- Knowing the customer
- One-to-one communication
- Tariff packages designed to stimulate ARPU and loyalty

Targeting 8% pan-Indian market share and average market ARPU

UW pan-Indian market share development



- Service launch Q3 2009
- Large share of net adds first years due to low churn from own subscriber base
- Significant differences in market share between circles
- Sub-market ARPU near term, but longer term increasing towards market ARPU

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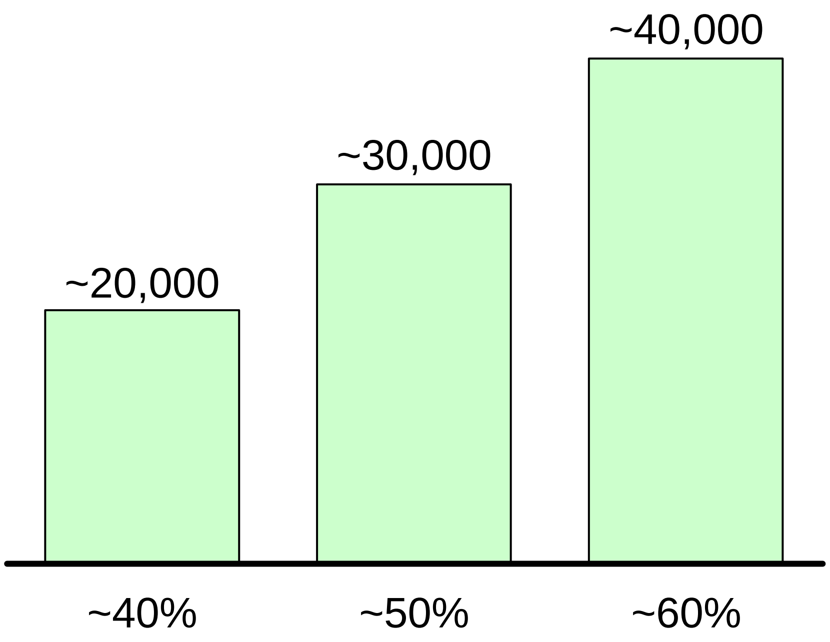
Low cost operational model

- **Gradual network build-up**
- **Infrastructure sharing**
- **GSM equipment at competitive cost**
- **Full-scale IT outsourcing**
- **Long term cost and capex efficiency**

Gradual network build-up to pan-Indian coverage

Number of sites / Pan-Indian population coverage

Per cent



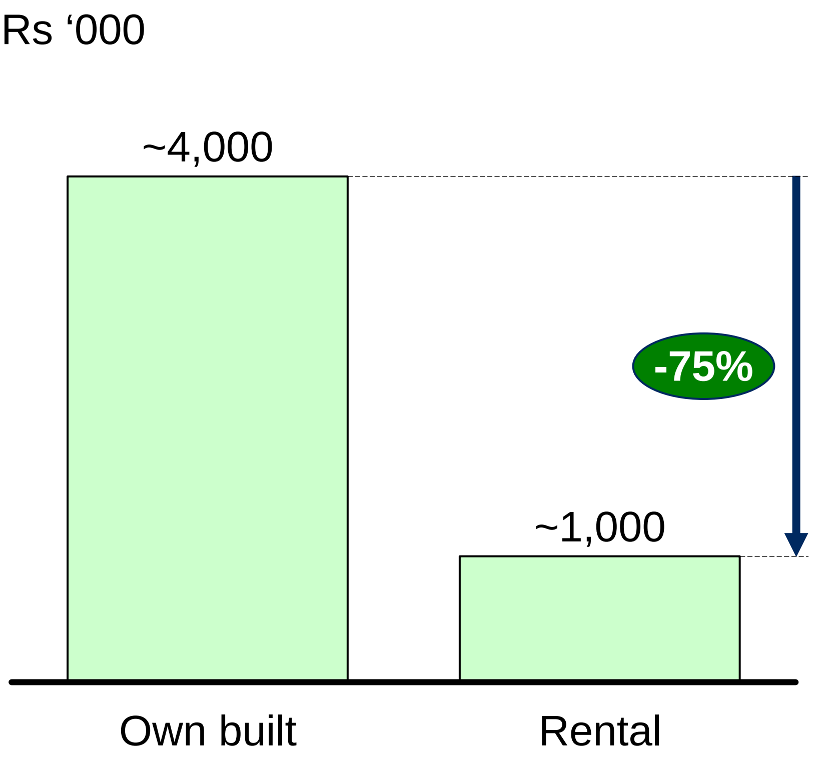
- Minimum roll-out requirement is 5-6,000 sites to meet license coverage obligations
- Launch plan based on attractiveness of the markets
- 40% circle population coverage sufficient to launch service
- 60% population coverage targeted 1 year after launch
- Intra-circle roaming secures pan-Indian offering from day one

Infrastructure agreement with Tata/Quippo

- **Tower sharing agreement with Tata/Quippo provides required coverage at launch and flexibility for further expansion**
  - **40,000 towers by end 2010, of which 22,000 available by April 2009**
- **Lower opex in 2009-2010 than previously anticipated**
- **Tower sharing priced at fixed monthly rate per site, plus payment for actual power consumption**
  - **Transmission between sites at a fixed monthly rate provided by Tata Teleservices**
- **Unitech Wireless may enter into additional tower rental agreements, in line with launch strategy and subscriber growth**

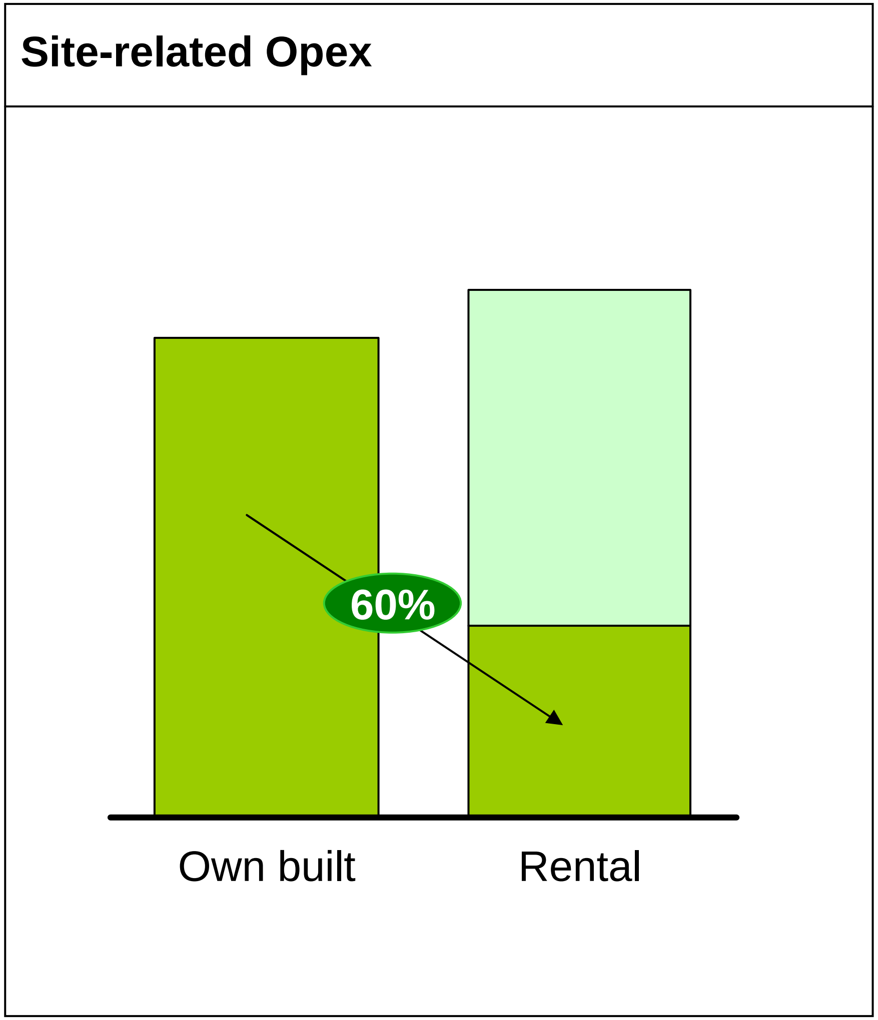
Tower sharing improves Capex efficiency significantly . . .

Total Capex per site



- Tower sharing enables swift and flexible rollout of network
- 75% capex saving per site compared to own build-out

. . . with limited impact on Opex



- Non-rental costs down by 60%
- Efficiency gains in constructing and operation of towers
- Potential savings from power and diesel consumption based upon shared infrastructure and logistics
- Competitive market for towers securing attractive terms

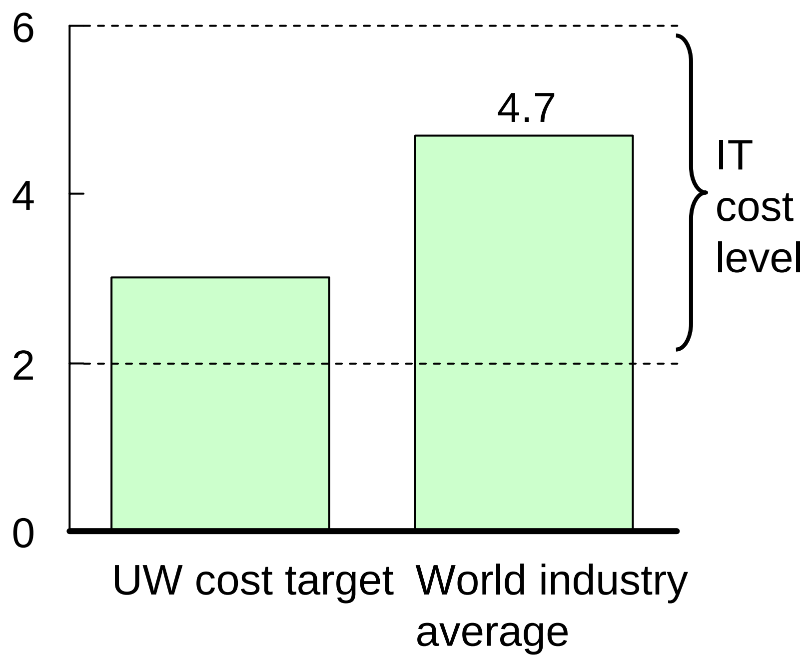
GSM equipment at competitive cost

- No technology legacy
- High spectrum capacity utilisation
- Low equipment cost due to
  - Large volumes
  - Multiple vendors
  - Overall industry development

IT outsourcing will secure speed and quality at competitive prices

IT cost as Percentage of revenue

Per cent



- Indian IT outsourcing market highly competitive
- Reduced up-front investment
- Re-use of existing modules and solutions
- IT to be booked mainly as capex in early phase, longer term mainly as opex

Source: Gartner

Cost drivers and cost levels

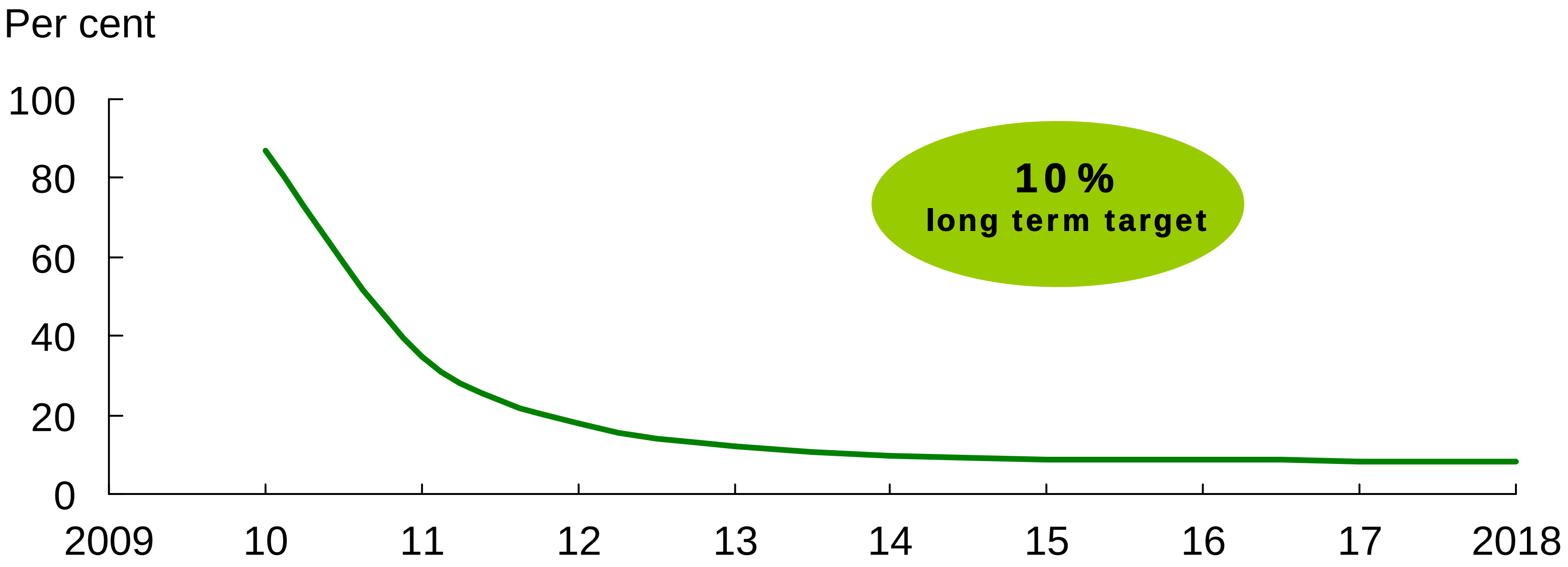
Cost component	Unit	Cost level	Cost driver
• Customer acquisition cost	Cost/gross add	Rs. 250-300	Gross adds
• Marketing	Percentage of revenues	Long term 3%	Revenues
• Admin		~10%	
• Call centre			
• Interconnect cost		Long term 30%*	
• Licensing fee			
• Tower rental • Electricity & diesel • Transmission • O&M	Cost/site/month	~Rs. 70,000**	Sites

* Short time higher due to more unfavourable interconnect balance

** Blended cost (2008 price level)

Long term capex efficiency

Capex/sales



10 %
long term target

Construction phase

- Building coverage
- Main Capex driver is number of sites (USD ~30K per site, including core and other facilities)

Expansion phase

- Securing capacity
- Main Capex driver is number of net adds (US$ ~20 per net add)

Steady state

- Develop services for existing Subscribers
- Main Capex driver is number of existing subscribers

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Update on transaction with Telenor

Business case

Financing plan

Unitech Wireless financing plan

- Unitech Wireless is expected to have accumulated Capex of approximately Rs.75 billion during the first three years of operation
- EBITDA breakeven in approximately three years from launch
- Long term ambition of 30% EBITDA margin and 20% operating cash flow margin
- Investment case assumes cumulative funding of approximately Rs. 150 billion until operating cash flow* breakeven
- Funding requirement in 2009 of approximately Rs. 55 billion to be covered by the following sources of financing:
  - Rs.61.2 billion in equity from Telenor
  - Project financing
  - Vendor financing
- To the extent that additional equity funding is required, both Telenor and Unitech are contractually committed to provide their pro rata share of the additional equity needed

* Defined as EBITDA-Capex

Summary

- Telenor has strong track record and experience in successfully launching operations in emerging markets
- A partnership with Telenor will benefit Unitech Ltd by creating long term shareholder value
- Tower sharing agreement reduces build-out capex by approximately 75%, with limited operating expense impact
- Fresh equity infusion from Telenor, project financing and vendor financing will take care of funding for first 3 years