



January 30, 2008

MEMORANDUM FOR POTENTIAL HOLDERS OF CLAIMS

In order to determine whether or not you hold claims eligible for participation in the program announced by the Ministry of Finance in its Request for Information dated as of today and posted on the website (www.eyidro.com), please review carefully the definition of Specified Debt below.

If you determine that you hold claims meeting the requirements in this definition, you may register with Ernst & Young, the Reconciliation Agent, in the boxes shown on the website. When you have registered, you will receive a communication from the Reconciliation Agent directing you to further information, including the instructions for submitting your eligible claims and the methodology that will apply to the reconciliation of claims.

Specified Debt

“Specified Debt” means each outstanding contractual claim (each, an “Item”) against a Specified Obligor (as defined below), in its capacity as obligor, issuer, guarantor, surety or, in the case of non-financial claims, as a contractual counterparty, that represent a claim:

- (i) evidenced by a written agreement or financial instrument;
- (ii) incurred or contracted for prior to 6 August 1990;
- (iii) for borrowed money, the advance of credit, the deferred purchase price of goods or services, balances due under letters of credit or financial guarantees, a conditional sale or a transfer with recourse or with an obligation to repurchase, interbank lines or placements, unpaid amounts due under commercial contracts with a Specified Obligor, and the uninsured portion of debts guaranteed by a foreign export credit agency if the claimant holds that portion in its own name and not through the foreign export credit agency;

- (iv) denominated, or at the option of the Holder payable, in a currency other than Iraqi Dinars;
- (v) shown on the records of the Holder as being outstanding and owing as of 31 December 2007; and
- (vi) that was not cancelled (or deemed cancelled) pursuant to tenders in Iraq's prior commercial debt restructuring program conducted between 8 August 2005 and 13 July 2006;

including any court judgments or arbitral awards rendered in respect of any Item of Specified Debt.

"Specified Obligor" means:

- (i) the Republic of Iraq;
- (ii) the Central Bank of Iraq;
- (iii) other agencies or instrumentalities of the Republic of Iraq;
- (iv) legal entities more than 50% of whose capital stock (or equivalent ownership interest) is owned (as of 31 December 2007) by the Republic of Iraq or any of its agencies and instrumentalities;
- (v) Rafidain Bank, including branches and departments thereof; and
- (vi) Rasheed Bank, including branches and departments thereof.

Claims against private sector Iraqi obligors do not constitute Specified Debt.

"Holder" means a corporation, partnership, business trust, joint stock company, trust, unincorporated association, joint venture or other legal entity, other than:

- (i) any of the foregoing resident in, or having its principal place of business in, the Republic of Iraq (as of 31 December 2007);
- (ii) a multilateral financial institution (such as the IMF and the World Bank); and
- (iii) a foreign government (including a foreign export credit agency).

In addition, the reconciliation and restructuring process will proceed only with the Holder of an Item of Specified Debt as of 31 December 2007 (and not a subsequent transferee).

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Neither this communication nor any of the documents referred to herein constitutes an offer by the Republic of Iraq or by any other party to settle or exchange any outstanding claims, nor do they constitute an admission or acknowledgement of any such claim, or an acknowledgement that any such claim exists or has been revived or reinstated, or an express or implied promise to pay any such claim or any part thereof. This communication and the documents referred to herein are expressly published without prejudice. All defenses available to the Republic of Iraq and any other party based upon any applicable statute of limitations or otherwise are expressly preserved. Neither this communication nor the documents referred to herein may be relied upon as evidence of the existence of any claim or the willingness or ability of the Republic of Iraq or any party to pay any such claim.