



## Telecom Egypt and Vodafone Egypt sign a 3-year Wholesale Services Agreement

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**Cairo, 7<sup>th</sup> September, 2009:** Telecom Egypt (TE) (Ticker: ETEL.CA; TEEG.LN) and Vodafone Egypt (VFE) today announced they have signed an agreement for the provision of wholesale telecommunications services.

The agreement, which builds on a pre-existing relationship, takes immediate effect and is expected to represent a total value for TE of approximately EGP 4 billion over the next three years. The deal comprises two distinct elements: Utilizing TE international gateway services to transit all VFE customers incoming and outgoing international traffic plus relying on TE extensive domestic network for all VFE infrastructure leasing needs.

Commenting on today's announcement Tarek Tantawy, CEO & Managing Director of Telecom Egypt, said:

"Egypt's telecommunications market has grown from strength-to-strength over the past few years and TE Wholesale service was a key factor enabling and benefiting from the growth of the highly competitive mobile market. Today's agreement is based on the continuous support of the NTRA as well as the existing close relationship between the two companies, offering opportunities for each. For TE this agreement secures a continued stable wholesale revenue stream of around EGP 4 billion for the next three years as the sole provider of all VFE International and Transmission needs. We look forward to working closely with VFE to continue delivering the high quality of service its customers expect."

Eng. Hatem Dowidar, CEO of Vodafone Egypt said:

"Ensuring a consistent and high quality service for our customers is paramount to VFE. Signing this new agreement with TE is yet another step in our ongoing efforts to achieve our objectives and maintain leadership in the market. We are happy with our strategic partnership with TE and together we are always working on offering the market with the best and highest quality services. I would like to seize this opportunity to acknowledge the great efforts of the NTRA. Their cooperation and dedication have been pivotal in closing this agreement."

The growing Egyptian mobile market has been a major contributor to the growth in TE's wholesale revenues from 23 percent of total revenues in 2003, to almost 40 percent for 2008. In addition to its exposure to the mobile market via increased demand for its wholesale services, TE benefits from its 44.95 percent shareholding stake in VFE which provided an additional investment income of EGP 632 million for the first six months of 2009.

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**Notes to Editors:**

*Within this statement, we may make forward-looking statements regarding future events or the future performance of the Company. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. You should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. When relying on forward-looking statements, you should carefully consider the political, economic, social and legal environment in which Telecom Egypt operates. Such forward-looking statements speak only as of the time of this release today. Accordingly, Telecom Egypt does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise other than as required by applicable laws, the Listing Rules or Prospectus Rules of the United Kingdom Listing Authority, the Egyptian Capital Markets Authority or the Cairo and Alexandria Stock Exchange. The documents filed from time to time with these authorities may identify important factors that could cause actual results to differ materially from those contained in any forward-looking statements.*

**About Telecom Egypt**

Telecom Egypt (TE), Egypt's incumbent telecommunications operator, started its operations in 1854 with the first telegraph line in Egypt. Then it was corporatized in 1998 to replace the former Arab Republic of Egypt National Telecommunication Organization (ARENTO). The Company is the largest provider of fixed-line services in the Middle East and Africa with 9.8 million subscribers as at 30 June 2009.

TE provides retail telecommunication services including access, local, long distance and international voice, Internet and data, and other services. The company also provides wholesale services including bandwidth capacity leasing to ISPs, and national and international interconnection services. Telecom Egypt's services also include the provision of narrowband and broadband internet access through its subsidiary TE Data. TE Data has active operations in Egypt and Jordan.

TE currently participates in the mobile segment in Egypt by providing mobile interconnectivity through its current, increased 44.95% holding in Vodafone Egypt, one of the three existing Egyptian mobile operators. TE's shares and GDRs (Ticker: ETEL.CA; TEEG.LN) are traded on the Egyptian Stock Exchange and the London Stock Exchange.

**About Vodafone Egypt:**

Vodafone Egypt is a total telecommunications provider, covering a wide array of voice and data exchange services, as well as 3G, ADSL and broadband Internet services.

Since its inception in 1998, Vodafone Egypt, supported by Vodafone Group's know-how and its own local market research, provides innovative products perfectly suited for its customers.

Vodafone owns a dominant 54.9% share of Vodafone Egypt while Telecom Egypt owns a 44.7% stake in the company.

Vodafone Egypt staff is now 6000-member strong and is proud to be serving more than 22 million customers all over Egypt. Its success relies on its superior network, world-class customer service, innovative products and a determined goal-based strategy. Vodafone Egypt is also proud to offer roaming communication services supported by agreements with 488 partners in 177 countries spanning the world.