

## **VODAFONE AND TELECOM EGYPT ANNOUNCE NEW STRATEGIC PARTNERSHIP**

**Cairo, 8th November, 2006:** Vodafone and Telecom Egypt have today announced they have entered into a strategic partnership to increase cooperation between both parties and to jointly develop a range of products and services for the Egyptian market.

The highlights of the agreement, signed today in Cairo between the two companies, are:

- The restructuring of the Vodafone Egypt Board, reflecting the new shareholding structure.
- Telecom Egypt will continue to provide exclusive international gateway services for Vodafone Egypt under an extension of the current agreement.
- Vodafone Egypt will extend its distribution channels for Vodafone products and services through Telecom Egypt's outlets.
- Vodafone Egypt and Telecom Egypt will work together to develop service propositions for customers shared by TE Data (Telecom Egypt's retail Internet and Data arm) and Vodafone Egypt.
- Where appropriate, Vodafone Egypt and Telecom Egypt may consider regional joint initiatives to work together where the combination of fixed and mobile capability will add competitive advantage.

Vodafone \* also intends to launch a tender offer for an additional 4.9% of the shares in Vodafone Egypt at a price of LE 100 per share for a maximum possible consideration of LE 1.176bn (£108m GBP \*\*). Telecom Egypt has given an irrevocable undertaking to accept the tender in respect of at least 3.97% and up to 4.69% of the shares in Vodafone Egypt.

If fully accepted, this tender offer will take Vodafone's shareholding in its Egyptian subsidiary to 55%, with 45% held by Telecom Egypt. Subject to regulatory approvals, the tender offer is expected to be launched next week.

Paul Donovan, CEO of Vodafone's EMAPA Region (Eastern Europe, Middle East, Asia Pacific and Affiliates), said: "We are very pleased to have agreed a strategic partnership with Telecom Egypt, which further strengthens the working relationship both companies have as Vodafone Egypt shareholders.

"The purchase of additional equity in Vodafone Egypt shows Vodafone's commitment to the Egyptian market, which is further reinforced by our partnership with Telecom Egypt to develop and expand products and services."

Akil Beshir, Chairman and CEO of Telecom Egypt added: "Today we have signed a strategic partnership which will ensure that the most cutting-edge products and services will be available in Egypt. This move will make it possible for Vodafone Egypt to take advantage of the products and services from TE Data and other parts of Telecom Egypt as well as increasing the opportunities for Vodafone Egypt to sell its services through Telecom Egypt. This agreement will also allow Telecom Egypt to maintain a substantial portion of the international voice services volumes from Vodafone Egypt after the liberalisation of international gateway services in Egypt".

Ian Gray, CEO of Vodafone Egypt added: "Vodafone Egypt now has a strong strategic partnership between its two major shareholders that is the basis on which we can tailor the global services and experience of the Vodafone Group to the unique requirements of the Egyptian consumer. This agreement puts Vodafone Egypt on a firm footing to capture future growth in the Egyptian telecommunications market."

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### **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 10.6 million subscribers as at the end of June 2006 representing a teledensity of 14.8 percent. 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 current operations in Egypt and Jordan.

### **About Vodafone**

Vodafone is the world's leading international mobile telecommunications group with equity interests in 27 countries across 5 continents with 186.8 million proportionate customers worldwide as at 30 June 2006 as well as 33 partner networks. For further information, please visit [www.vodafone.com](http://www.vodafone.com)

### **About the tender offer**

\* Vodafone will launch the planned tender offer through its Netherlands-based subsidiary Vodafone Europe B.V.

### **About Vodafone Egypt**

Vodafone Egypt is one of two current Egyptian mobile operators. The company will announce its results for the quarter to 30 September 2006, on 8 November 2006. For more information see the Vodafone Egypt Investor Relations section at [www.vodafone.com.eg](http://www.vodafone.com.eg)

### **About the exchange rate used**

\*\* An exchange rate of LE 10.91 to 1 British Pound Sterling has been used