

**Telecom Egypt**  
**An Egyptian Joint Stock Company**  
**Minutes of the Extraordinary General Assembly**  
**Convened on Thursday, March 29, 2007 at 11 a.m.**

The Extraordinary General Assembly of Telecom Egypt, which convened on Thursday, March 29, 2007, by unanimous vote of the shareholders present and represented at the Meeting, approved the amendment of Articles 18, 19, 21, 24, 25, 26, 27, 32, 48, and 60 of the Statutes of the Company, as follows:

**Article 18**

Before

In the event of an increase in capital, the Extraordinary General Assembly may resolve to grant preemptive rights to existing shareholders to subscribe in the capital increase on a pro rata basis to the value of shares owned, provided that all shareholders of the same class shall have equal rights in this respect.

After

In the event of an increase of capital by cash shares the existing shareholders shall have a priority right to subscribe to the increase of capital shares pro rata to the number of shares owned provided that all shareholders of the same class shall have equal rights in this respect and with due consideration to any preemptive rights associated with the preferred shares – if any.

**Article 19**

Before

In the event of an increase of capital by virtue of cash shares, existing shareholders shall have preemptive rights to subscribe to the capital increase, each on a pro rata basis based on the number of shares owned.

The existing shareholders shall be notified of the issue of new shares in the event they have preemptive rights, by publication or by registered letter, as the case may be, in accordance with the Executive Regulations of the Companies Law No. 159 of 1981, while granting the existing shareholders a period of not less than thirty days from the opening date of subscription in order to subscribe.

After

In the event of an increase of capital by virtue of cash shares, the Extraordinary General Assembly may, upon a request from the Board of Directors or for reasons certified by the Auditor, offer all or some of the increase of capital shares for public subscription directly without giving effect to rights of pre-emption of the existing shareholders. The Extraordinary General Assembly may resolve to provide some preferred rights to shares existing prior to the capital increase either with respect to dividends or liquidation proceeds or both, based on the recommendation of the Board of Directors supported by a report from the Auditor in that regard.

The existing shareholders shall be notified of the issue of increase of capital shares in the event they have preemptive rights, by publication or by registered letter, as the case may be, in accordance with the Executive Regulations of the Companies Law No. 159 of 1981, while granting the existing shareholders a period of not less than thirty days from the opening date of subscription in order to subscribe in accordance with Articles 31 and 32 of the Executive Regulations to Law No. 95 of 1992.

## **Article 21**

### **Before**

The Company shall be managed by a Board of Directors composed of eleven members appointed by the General Assembly as follows:

- (a) three members who meet the Independence Criteria as set forth in this Article below (the “Independent Directors”)
- (b) one member representing the Company’s employees (the “Employee Representative”) who shall be nominated by the Employees’ Union from among the Company’s employees,
- (c) seven members appointed by a decree of the Prime Minister upon the recommendations of the Minister of Communication and Information Technology.

The three Independent Directors shall be nominated for election by the General Assembly by shareholders, other than the Government, holding 1% or more of the outstanding share capital of the Company or by a decision of the Board of Directors. The Independent Members must meet the following criteria:

- (S)he has not been an employee of the Company or any of its subsidiaries within the last five years;
- (S)he has not had within the last three years, a material business relationship with the Company either directly, or as a partner, shareholder, director or senior employee of a body that has such a relationship with the Company;
- (S)he has not received or receives additional remuneration from the Company apart from a director's fee, participates in the Company's share option or a performance-related pay scheme, or is a member of the Company's pension scheme;

- (S)he does not have close family ties (i.e. up to the fourth degree) with any of the Company's Directors or the Executive Director or the Deputy Executive Directors;
- (S)he does not hold cross directorships or have significant links with other directors through involvement in other companies or bodies;
- (S)he does not represent a significant shareholder of the Company; and
- (S)he has not served on the Board of Directors for nine years or more from the date of their first election.

In accordance with Article 10 of Law 19 of 1998, and as an exception to the above method of appointment, the Board of Directors shall continue to carry out their responsibilities until part of the Company's shares are offered for sale and the Board of Directors is reorganized in accordance with the preceding two paragraphs.

#### After

The Company shall be managed by a Board of Directors composed of eleven members appointed by the General Assembly as follows:

(a) three members who meet the Independence Criteria as set forth in this Article below (the “Independent Directors”)

(b) one member representing the Company’s employees (the “Employee Representative”) who shall be nominated by the Employees’ Union from among the Company’s employees,

(c) seven members appointed by a decree of the Prime Minister upon the recommendations of the Minister of Communication and Information Technology.

The three Independent Directors shall be nominated by the General Assembly by shareholders, other than the Government, holding 1% or more of the outstanding share capital of the Company, provided that the Independent Directors shall meet the following criteria:

- (S)he has not been an employee of the Company or any of its subsidiaries within the last five years;
- (S)he has not had within the last three years, a material business relationship with the Company either directly, or as a partner, shareholder, director or senior employee of a body that has such a relationship with the Company;
- (S)he has not received or receives additional remuneration from the Company apart from a director's fee, participates in the Company's share option or a performance-related pay scheme, or is a member of the Company's pension scheme;
- (S)he does not have close family ties (i.e. up to the fourth degree) with any of the Company's directors or the Executive Director or the Deputy Executive Directors;
- (S)he does not hold cross directorships or have significant links with other directors through involvement in other companies or bodies;

- (S)he does not represent a significant shareholder of the Company; and
- (S)he has not served on the Board of Directors for nine years or more from the date of their first election.

In the event that the shareholders, other than the Government, do not nominate three Independent Directors, or if the shareholders nominate less than three Directors or in the event the above-mentioned criteria are not met by the Independent Directors nominated by the shareholders other than the Government, then the Board of Directors may nominate Independent Directors to complete the number of Independent Directors nominated provided that they shall also satisfy the criteria for Independent Directors mentioned above.

#### **Article 24**

##### **Before**

The Board of Directors shall appoint from among its members a Chairman of the Board of Directors and may appoint one or more Vice Chairmen and the Board shall determine who among them shall substitute for the chairman in the event of his absence. In the absence of the Chairman and the Vice Chairmen, the Board shall appoint the Director who shall temporarily carry out the duties of the Chairman.

##### **After**

The Board of Directors shall appoint from among its members a Chairman of the Board of Directors and may appoint one or more Vice Chairmen from among the Board of Directors and the Board shall determine who among them shall substitute for the Chairman in the event of his absence. In the absence of the Chairman and the Vice Chairmen, the Board shall appoint one of its members who shall temporarily carry out the duties of the Chairman.

#### **Article 25**

##### **Before**

The Board of Directors shall be entitled to appoint, from among its members, a Managing Director to be named the Executive Director of the Company and the Board may appoint Deputy Executive Directors, from the Company's employees who are not members of the Board of Directors. The Board shall specify the responsibilities, remuneration, allowances and incentives of each of the Executive Director and the Deputy Executive Directors based on the recommendation of the Remuneration Committee stipulated in Chapter II below, provided that the remuneration, allowances and incentives of the Executive Director shall be approved by the General Assembly. The appointment of the

Executive Director and Deputy Executive Directors under the age of 60 shall be renewed every two years by virtue of a resolution from the Board of Directors. With respect to those Directors above the age of 60, their appointment and renewal shall be annually based on a resolution of the General Assembly.

The Board (a) may compose from among its members one or more committee(s) and the Board shall form the committees stipulated in Chapter II below and shall grant them part of the Board's responsibilities or delegate them to supervise the work in the Company and the implementation of the Board's resolutions.

#### After

The Board of Directors shall be entitled to appoint, from among its members, a Managing Director to be named the Executive Director of the Company and the Board may appoint Deputy Executive Directors, who are not members of the Board of Directors. The Board shall specify the responsibilities, remuneration, allowances and incentives of each of the Executive Director and the Deputy Executive Directors based on the recommendation of the Remuneration Committee stipulated in Chapter II below. The appointment of the Executive Director and Deputy Executive Directors under the age of 60 shall be renewed every two years by virtue of a resolution from the Board of Directors. With respect to those Directors above the age of 60, their appointment and renewal shall be annually based on a resolution of the General Assembly. The Board may compose from among its members one or more committee(s) and the Board shall form the committees stipulated in Chapter II below and shall grant them part of the Board's responsibilities or delegate them to supervise the work in the Company and the implementation of the Board's resolutions.

### Article 26

#### Before

"The Board shall hold its meetings at the Company's head office whenever the Company's interest so requires based on the invitation of the Chairman or based on the request of one third (1/3) of its members. The Board shall convene at least four times during each fiscal year. The Board may also convene at a place outside the Company's head office provided, however, that all members shall be present or represented in the meeting and that the meeting is held in Egypt."

#### After

"The Board shall hold its meetings at the Company's head office whenever the Company's interest so requires based on the invitation of the Chairman or based on the request of one third (1/3) of its members. The Board shall convene at least four times during each fiscal year. The Board may also convene at a place outside the Company's head office or outside of Egypt provided, however, that all members of the Board shall be present either in person or by proxy. The Board may also convene via conference call and may, in the circumstances determined by the Board, convene outside of Egypt. Also,

Board resolutions may be issued by circulation in writing if all members of the Board agree."

### **Article 27**

#### **Before**

A Board member may be represented on the Board when necessary by another Board member and in that case such member shall have two votes and an Egyptian member must be represented by an Egyptian. A member of the Board cannot represent more than one member. In all cases, the votes of the representatives should not exceed 1/3 of votes present.

#### **After**

A Board member shall be entitled, in case of necessity, to appoint another member to represent him at Board meetings.

### **Article 32**

#### **Before**

The right of signature on behalf of the Company, severally, shall be vested in the Chairman, the Executive Director and any other member delegated by the Board for this purpose. The Board of Directors shall have the right to appoint Deputy Executive Directors or managers or authorized agents and grant them also the right sign on behalf of the Company jointly or severally.

#### **After**

The right of signature on behalf of the Company, severally, shall be vested in the Chairman, the Executive Director and any other member delegated by the Board for this purpose. The Board of Directors shall have the right to delegate Deputy Executive Directors or managers or authorized agents to sign on behalf of the Company jointly or severally.

### **Article 48**

#### **Before**

The Board of Directors shall prepare for each fiscal year the financial statements and a report on the Company's activities during the fiscal year, and its financial position as of the end of such year (within two months at most from the end of the Company's fiscal year) and such documents shall be made accessible to the Auditor during such period, all of which shall be in accordance with the terms, conditions and information stipulated in the Executive Regulations for the Capital Market Law No. 95 of 1992.

The financial statements and a comprehensive summary of the report of the Company's activities and the full text of the Auditor's report must be published in two daily, widely distributed newspapers at least two weeks prior to the convention of the General Assembly.

A copy of the documents published and/or mailed to shareholders shall be forward to the Capital Market Authority and the Companies Department at the General Authority for Investments and Free Zones, as well as to the representative of the Bond Holders Association and Auditor.

#### After

The Board of Directors shall prepare for each fiscal year the financial statements and a report on the Company's activities during the fiscal year, and its financial position as of the end of such year (within two months at most from the end of the Company's fiscal year) and such documents shall be made accessible to the Auditor during such period, all of which shall be in accordance with the terms, conditions and information stipulated in the Executive Regulations of the Capital Market Law No. 95 of 1992.

The annual financial statements, a comprehensive summary of the report of the Company's activities and the full text of the Auditor's report must be published in two daily, widely distributed newspapers at least two weeks prior to the convention of the General Assembly.

A copy of the documents published and/or mailed to shareholders shall be forward to the Capital Market Authority and the Companies Department at the General Authority for Investments and Free Zones, as well as to the representative of the Bond Holders Association and Auditor.

The Company may prepare periodic financial statements based on a resolution of the Board of Directors.

### **Article 60**

#### Before

The net profits of the Company shall be distributed annually after the deduction of all general expenses and other costs as follows:

- a. An amount equal to 5% at least of the profits shall be deducted to form the legal reserve. This deduction shall cease when the reserve reaches a total of 50% of the Company's issued capital. In the event that the reserve falls below such figure, deduction shall be resumed.

The Company may set aside amounts not exceeding 10% to form institutional reserves to be used for purposes which shall fulfill the interest of the Company shareholders.

The employees shall be entitled to receive at least 10% of the profits which shall be distributed in cash, provided that its total sum does not exceed their annual salaries.

- b. An amount shall be deducted for the distribution of a first dividend of at least 5% to the shareholders equal to the paid-in value of their shares and to the employees. However, in the event that the profits of one year are not sufficient for the distribution of this dividend, it may not be recuperated from the profits of subsequent years.
- c. After the foregoing deductions, a percentage of the profits not exceeding 5% of the remainder may be allocated as remuneration of the Board of Directors.
- d. The remaining profits shall then be distributed among the shareholders and employees based on the percentages stipulated in this Article as additional dividends or may be carried forward based upon the proposal of the Board of Directors to the following year or allocated to the formation of an extraordinary reserve or an extraordinary depreciation fund.

After

The net profits of the Company shall be distributed annually after the deduction of all general expenses and other costs as follows:

- a. An amount equal to 5% at least of the profits shall be deducted to form the legal reserve. This deduction shall cease when the reserve reaches a total of 50% of the Company's issued capital. In the event that the reserve falls below such figure, deduction shall be resumed.

The Company may set aside amounts not exceeding 10% to form institutional reserves to be used for purposes which shall fulfill the interest of the Company shareholders.

The employees shall be entitled to receive at least 10% of the profits which shall be distributed in cash, provided that its total sum does not exceed their annual salaries.

- b. An amount shall be deducted for the distribution of a first dividend of at least 5% to the shareholders equal to the paid-in value of their shares and to the employees. However, in the event that the profits of one year are not sufficient for the distribution of this dividend, it may not be recuperated from the profits of subsequent years.
- c. After the foregoing deductions, a percentage of the profits not exceeding 5% of the remainder may be allocated as remuneration of the Board of Directors.
- d. The remaining profits shall then be distributed among the shareholders and employees based on the percentages stipulated in this Article as additional

dividends or may be carried forward based upon the proposal of the Board of Directors to the following year or allocated to the formation of an extraordinary reserve or an extraordinary depreciation fund.

- e. The General Assembly has the right to distribute all or part of the profits reflected in the periodical financial statements prepared by the Company provided that it is accompanied by a report from the Auditor in that regard.

Chairman and CEO

Akil Hamed Beshir