

Telecom Egypt Announces the Outcome of its Public Tender Offer to Acquire an Additional Stake of Up To 24.4% of Vodafone Egypt

Total Tendered Shares = 56,330,637 Shares Representing 23.47% of Vodafone Egypt Share Capital Bringing the Total Deal Value to EGP 5.63 Billion

Cairo, 2nd October, 2006: Telecom Egypt (TE) (Ticker: ETEL.CA; TEEG.LN) announced today that Sunday 1st October 2006 was the end of the tender offer validity period which TE launched on 21st September 2006 to acquire an additional shareholding stake of up to 24.4% of Vodafone Egypt. As at the end of the tender offer validity period, a total of 56,330,637 shares representing 23.47% of Vodafone Egypt have been tendered at a price of EGP 100/share bringing the total deal value to EGP 5.63 billion.

Telecom Egypt will execute the transaction on all tendered Vodafone Egypt shares in the Cairo & Alexandria Stock Exchange on 11th October 2006. EFG-Hermes Investment Banking acted as the Sole Financial Advisor for Telecom Egypt on this transaction.

Upon execution of the transaction, Telecom Egypt's shareholding stake in Vodafone Egypt will reach 48.97% up from the current shareholding stake of 25.5%.

Commenting on the transaction, Akil Beshir, Chairman & CEO of Telecom Egypt said:

"VFE is an attractive investment with a great track record. This move underlines our determination to extend opportunities for TE in our home market just as we continue to explore opportunities in other territories. Increasing our shareholding stake in Vodafone Egypt to this level does not only entail more exposure to the fast growing mobile sector in Egypt, but will also be followed by discussions with Vodafone Egypt to further capitalize on the relationship between both companies operationally."

Ian Gray, CEO of Vodafone Egypt said:

"We have always seen TE as potentially a strong partner for the short and long term. We see this move by TE as a vote of confidence in VFE and a firm commitment towards working with us to achieve great things."

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For further information:

Investor Relations Contacts

Tarek Tantawy, CFA
Director of Investment, Treasury & Investor Relations
Telephone: +202 5788111
Fax: +202 5789314

Eman Anis
Investor Relations Manager
Telephone: +202 5788787

Fax: +202 5789314
E-mail: investor.relations@telecomegypt.com.eg

Notes to Editors:

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, Jordan, and Dubai and has ambitious plans in other parts of the MENA region.

TE currently participates in the mobile segment in Egypt by providing mobile interconnectivity and through its current 25.5 percent holding in Vodafone Egypt, one of the two Egyptian mobile operators.

TE's shares and GDRs (Ticker: ETEL.CA; TEEG.LN) are traded on the Cairo and Alexandria Stock Exchanges and the London Stock Exchange.