

## **Telecom Egypt Announces the Signature of Two Contracts with SEACOM and VSNL in Relation to Its TE North Submarine Cable Project – Deal worth US\$ 90 Million**

**Cairo, 15<sup>th</sup> November 2007:** Telecom Egypt (TE) (Ticker: ETEL.CA; TEEG.LN) announced today it has signed two agreements with SEACOM Ltd and VSNL approximately worth US\$ 90 million in relation to its TE North Submarine Cable Project, which was announced earlier this year.

TE being Egypt's only fixed network operates the TE Transit Corridor, which comprises the terrestrial infrastructure uniquely linking the Red Sea and the Mediterranean, over multiple diverse and redundant proven routes. The TE Transit Corridor developed over nearly 20 years to be the route of choice for all crossing submarine cable systems in this geography, which multiplies the benefit of the new crossing systems through the ability to achieve interconnection and restoration. TE North increases the service footprint of the existing TE Transit Corridor, by extending its transit services in the Mediterranean. Additionally TE North aims to service the Egyptian National market using this "build strategy" to lower the cost point of the TE group retail internet arm. TE North is expected to require nearly US\$140 million of capex and to be ready for service by the first half of 2009.

Akil Beshir, Chairman & CEO of TE stated that: "TE North complements our tradition in serving the submarine cable systems to connect nearly 2 billion people in Asia to the Western Hemisphere. We take this tradition very seriously and continue to enhance the TE Transit Corridor, both through the unique terrain of Egypt and also through our experts who built this route and witnessed the several submarine cable crossings through it. TE North will offer flavours of bulk capacity and physical transport through various service offerings that enables TE North customers to maintain their operational and strategic integrity. The supporting isolated business plan is not the only part of the story. Other enhanced services to content players, data centres and call centres further improve this plan and extend TE service foot print into more managed services."

**SEACOM** is a private company which will construct a 15,000 km submarine cable system that connects South Africa, Madagascar, Mozambique, Tanzania and Kenya to India and to the new TE cable station in Ras Sidr, Egypt near Suez, where TE will land the SEA Cable System. From Ras Sidr, SEACOM will own a system within TE North cable system permitting the full SEACOM system to reach France seamlessly. SEACOM's collaboration with TE and the TE North system permits it to complete its structure to connect South Africa and East Africa directly Europe. Brian Herlihy, President of SEACOM, Ltd. stated that "the experience in the submarine cable industry that TE brings to this solution and the ability to transit traffic directly to France, makes this the best solution for SEACOM. This solution permits SEACOM to offer its customers capacity from a PoP in a major African city to the PoP in Marseilles all on one system." TE and SEACOM estimate that their respective systems will be ready for service by the first half of 2009.

**VSNL**, a leading global communications solutions provider, is an anchor customer of the TE North network. As a major carrier of international traffic worldwide through the TGN network, VSNL owns and operates capacity on nearly every cable system connecting to the Indian sub-continent, has significant presence in Europe's key markets and via the TGN-Atlantic cables connects directly to North America. This deal with TE North enables VSNL to offer the company's global customers connectivity from the region served by Southern Egypt directly into its European facilities, via France. "The routes west of India serve a variety of markets and customers causing an increase in the demand for capacity," said Byron Clatterbuck, Vice President, Global Data Solutions, VSNL "By partnering with TE North on this exciting endeavour VSNL is securing additional diversity and flexibility for our long term capabilities, as part of our ongoing service evolution for our customers worldwide."

Mohamed Elnaway, VP of International, Wholesale and Regulatory Affairs at TE stated "TE North is the first system within a system implementation on the very popular Northern Egypt based Mediterranean crossing route, the industry continues to look for innovative submarine cable efficiencies similar to the successful consortium structures. As such, TE North density achieves even more favourable build economics. The current deals show the different addressable geographies TE can serve. SEACOM and VSNL engage with TE North to service the South and East Africa Markets as well as the Indian Markets respectively. The SEACOM and VSNL deals enable TE North business case, and are worth approximately US\$90M, accounting for approximately 25% of TE North capacity. Those contracts are expected to be the first in a series of contracts that TE expects to enter into in relation to its TE North Submarine Cable System

as well as the TE Transit Corridor.”

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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 11.03 million subscribers as at the end of September 2007.

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 44.79% 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 Cairo and Alexandria Stock Exchanges and the London Stock Exchange.

## **About SEACOM**

SEACOM provides high capacity bandwidth linking businesses, individuals, and communities in Southern and East Africa, Europe and South Asia. When it is fully functional in 2009, SEACOM will be a service provider of international fiber optic bandwidth along the East Coast of Africa linking Southern and East Africa, Europe and South Asia. SEACOM has 1.28TB/s, to enable high definition TV, peer to peer networks, IPTV, and surging Internet demand. Pricing will be significantly lower than current satellite or fiber pricing. SEACOM will be ready to serve Southern and East African markets from 2009, well in time to meet the bandwidth needs of the Confederations Cup and the 2010 Soccer World Cup in South Africa, and the growing requirements of the economies in the countries it serves. SEACOM has been structured to meet the policy objectives of Governments and NEPAD. SEACOM will be first to launch services with a planned Ready for Service date of June 2009. SEACOM is 76.2% African owned.