

Telecom Egypt Awards Alcatel-Lucent New Submarine Cable Network Linking Northern Egypt to France

Strengthens Egypt as communication hub connecting Asia/Africa to Europe

Cairo, Egypt and Paris, France, January 31, 2008 – Telecom Egypt (TE) (Ticker: ETEL.CA; TEEG.LN), the incumbent telecom operator in Egypt, and Alcatel-Lucent (Euronext Paris and NYSE: ALU) today announced they have signed a US\$125 million contract to deploy a new submarine cable network linking Sidi Kerir in Egypt to Marseille in France. Named TE North, the project will enable Telecom Egypt to expand international connectivity, providing diversity from existing cable routes. Additionally, the TE North submarine cable system will help Telecom Egypt enhance its network capacity to operate as a wholesale carrier to other operators and expand its service offering to businesses and consumers.

Spanning 3,100 km, TE North can deliver an ultimate capacity of 128 x 10Gbit/s on eight fiber pairs, which makes it one of the largest cable systems in the region. As a result, Telecom Egypt will be able to meet the growing demand for broadband services of its business and residential users at more affordable costs. Moreover, it will further establish Egypt's role as international communication hub between Europe and Asia/Africa, and it will also reinforce the city of Marseille as a communications hub with 'open access' facilities.

"Egypt has a young population with a growing demand for more and more capacity. In addition Telecom Egypt has decades long tradition of being the partner of choice to all Asia-Europe submarine cable systems, by providing the infrastructure for crossing from Red to Mediterranean Seas. Today, through TE North, we extend the Telecom Egypt service footprint by offering an option to extend this infrastructure from the Red Sea to Europe," said Akil Beshir, Chairman and CEO of Telecom Egypt. "Alcatel-Lucent's turnkey expertise and technological lead in submarine networks shall help us achieve our project and business objectives on time."

"Access to advanced technologies is key to operators like Telecom Egypt to best serve their customers," said Georges Krebs, Chief Operating Officer of Alcatel-Lucent's submarine network activity. "By meeting the requirements of communications infrastructures in terms of capacity, flexibility and scalability, Alcatel-Lucent helps Telecom Egypt respond to the ramping demand for innovative applications."

About the Alcatel-Lucent solution

The Alcatel-Lucent submarine solution will be based on its 1620 Light Manager next-generation DWDM submarine platform, and will also include cable, branching units and submarine repeaters, providing direct connectivity to landing stations. A comprehensive suite of professional services, including permitting and project management, engineering, marine operation, and installation testing and commissioning, is part of this turnkey project.

About Alcatel-Lucent

Alcatel-Lucent (Euronext Paris and NYSE: ALU) provides solutions that enable service providers, enterprises and governments worldwide, to deliver voice, data and video communication services to end-users. As a leader in fixed, mobile and converged broadband networking, IP technologies, applications, and services, Alcatel-Lucent offers the end-to-end solutions that enable compelling communications services for people at home, at work and on the move. With operations in more than 130 countries, Alcatel-Lucent is a local partner with global reach. The company has the most experienced global services team in the industry, and one of the largest research, technology and innovation organizations in the telecommunications industry. Alcatel-Lucent achieved adjusted proforma revenues of Euro 18.3 billion in 2006 and is incorporated in France, with executive offices located in Paris. [All figures exclude impact of activities transferred to Thales]. For more information, visit Alcatel-Lucent on the Internet: <http://www.alcatel-lucent.com>

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.

For further information:

Telecom Egypt

Alia Allouba

Tel: + 202 3131 5217

alia.allouba@telecomegypt.com.eg

Alcatel-Lucent Press Contacts

Régine Coqueran

Mark Burnworth

Tel: + 33 (0)1 40 76 49 24

Tel: + 33 (0)1 40 76 50 84

regine.coqueran@alcatel-lucent.com

mark.burnworth@alcatel-lucent.com

Alcatel-Lucent Investor Relations

Rémi Thomas

Maria Alcon

John DeBono

Tony Lucido

Don Sweeney

Tel: + 33 (0)1 40 76 50 61

Tel: + 33 (0)1 40 76 15 17

Tel: + 1908-582-7793

Tel: + 33 (0)1 40 76 49 80

Tel: + 1 908 582 6153

remi.thomas@alcatel-lucent.com

maria.alcon@alcatel-lucent.com

debono@alcatel-lucent.com

alucido@alcatel-lucent.com

dsweeney@alcatel-lucent.com