

## **Telecom Egypt Joins Forces with Telecom Italia to Participate in the Third Mobile License Tender in Egypt**

Cairo, 3<sup>rd</sup> May, 2006: Telecom Egypt (TE) (Ticker: ETEL.CA; TEEG.LN), announced today that it has decided to join forces with Telecom Italia to participate in the tender for the third mobile license in Egypt. TE and Telecom Italia have been cooperating together for a long time and this alliance is a natural evolution of this cooperation.

The partnership brings together the compatible expertise of both parties. Telecom Egypt is the incumbent fixed line operator in Egypt and therefore has a wealth of experience in the Egyptian telecommunications market. Telecom Italia on the other hand has a very strong knowledge and capability in GSM/UMTS mobile services worldwide.

The parties have agreed that Telecom Egypt will own a majority stake in the consortium.

It is worth mentioning that the National Telecommunications Regulatory Authority (NTRA) announced the commencement of an international tender for the third mobile license in Egypt on the 14<sup>th</sup> February 2006 and invited interested specialized consortia of local and international companies to purchase the request for proposal (RFP) on 19<sup>th</sup> February 2006. The deadline for receiving proposals is 4<sup>th</sup> May 2006.

Both Telecom Egypt and Telecom Italia have been working together during the past weeks to finalize the agreements between the parties and to prepare the technical proposal that will be submitted to the NTRA on the 4<sup>th</sup> of May 2006.

Commenting on this alliance and the 3<sup>rd</sup> mobile license tender, Mr. Akil Beshir, Chairman of Telecom Egypt, said:

“We are very interested in the third mobile license in Egypt as we believe that the Egyptian mobile market holds significant potential. We are very happy with our strategic 25.5% shareholding stake in Vodafone Egypt, however a majority-owned mobile arm is important for Telecom Egypt and this is why we decided to pursue the third mobile opportunity.

We are aware that the third license tender has attracted lots of interest from regional and European telecommunications operators as well as financial investors; however we believe that our partnership with Telecom Italia is an ideal mix of strong local market telecommunications expertise coupled with extensive technical and commercial experience in operating GSM and UMTS mobile networks.

Finally, I would like to stress that we will not take any decision concerning divesting our stake in Vodafone Egypt for the time being. It is very important for the company to have exposure to the mobile sector in Egypt whether through retaining our strategic stake in Vodafone Egypt or through bidding for the third mobile license. Accordingly, we will only sell our stake in Vodafone Egypt if and when our consortium is successful in winning the third mobile license.”

**- Ends -**

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## **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 more than 10.4 million subscribers as at the end of December 2005 representing a teledensity of 14.6 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.

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

### **About Telecom Italia Group**

The Telecom Italia Group is one of Europe's telecommunications industry leaders. Group activities spans the entire advanced communications services chain including fixed and mobile telephony, Internet, media and innovative business solutions and systems through TIM, Telecom Italia Media and Olivetti. TIM, the mobile telephony unit, has long been a lead technological innovator in Italy and worldwide. TIM has brought to market third-generation technologies, the EDGE-UMTS platform, new high-speed multimedia services, and wireless and Internet data transmission. The Group also promotes research and innovation through the laboratories of Telecom Italia Lab, which develop technologies that improve and enhance the competitiveness of the services the Group provides.