

Telecom Egypt will Launch a Tender Offer to Increase its Stake in Vodafone Egypt by up to 24.4%

Cairo, 19th September, 2006: Telecom Egypt (TE) (Ticker: ETEL.CA; TEEG.LN) announced today that its Investment Committee approved in its meeting held on September 18th 2006 the launch of a tender offer for an additional stake of up to 24.4% of Vodafone Egypt S.A.E at a price of LE 100 per share and for a total deal value of LE 5.856 billion.

Accordingly, Telecom Egypt will approach the Egyptian Capital Markets Authority to request its approval for the publication of the tender offer during the coming few days. Telecom Egypt has informed Vodafone Group PLC of its decision. EFG-Hermes Investment Banking is acting as Sole Financial Advisor for Telecom Egypt on this transaction.

Telecom Egypt currently participates in the growing mobile segment in Egypt through a 25.5% shareholding stake in Vodafone Egypt, one of the two Egyptian mobile operators.

- 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 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.