

**Telecom Egypt announces TE North and engagement with  
SEACOM Submarine Cable System and VSNL  
– Deal worth Approximately \$90 Million**

**TE North**

TE North is a TE submarine cable system from North of Egypt to Europe, which expands the service footprint of the existing TE Transit Corridor, by offering additional transit services in the Mediterranean. Additionally TE North aims to also service the Egyptian National market using the build dynamics to lower the cost point of the TE group retail internet arm. TE North is expected to require nearly \$100M of capex. TE north ready for service date is 1<sup>st</sup> 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 2.5 billion people in Asia to the Western Hemisphere and vice-versa. 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 that TE can uniquely offer to content players, call centres and various Regional aggregation services empowered by all this Asia-Europe fibre, is in of itself as great a story. Fuelled by Asia traffic growth, the need for more Asia-Europe submarine cable systems in the next 2-4 years is expected to exceed the number of systems built in the past and those new systems will be able to carry much larger capacities.”

**SEACOM**

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**

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. Moreover, TE North density achieves even more favourable build economics. The current three deals show the different flavours of engagement. IMEWE engagement is limited to the TE Transit Corridor. Through 25% of TE North capacity both SEACOM engages with TE North to service the South and East Africa Markets and VSNL is working with us to increase VSNL’s global capabilities. Growth of the Arab & Asian markets will propel more Mediterranean investment as both the applications and the usage derive more need for capacity. Telecom Egypt is uniquely positioned to service this growing market.”

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**For further information:**

**Telecom Egypt**

**Alia A. Allouba**

Investor Relations Assistant Manager

Tel: +202 25788787

Fax: +202 25789314

E-mail: [investor.relations@telecomegypt.com.eg](mailto: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 10.96 million subscribers as at the end of June 2007 representing a teledensity of 15%. 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.