

The Submarine Cable Business Opportunity

TE is Egypt's only fixed network, and it operates the TE Transit Corridor, which constitutes the terrestrial infrastructure uniquely linking the Red Sea and the Mediterranean over various, effective routes. The TE Transit Corridor has developed over the last twenty years into the route of choice for all crossing submarine cable systems in this area. This inevitably yields multiple benefits by enabling 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 complements our tradition in serving the submarine cable systems by connecting nearly two 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 installation of several submarine cables. TE North will offer various types of bulk capacity and physical transport through various service offerings that enable TE North customers to maintain their operational and strategic integrity. The supporting 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 the TE service footprint into myriad services.

Strategic Rationale

- Capitalize on Egypt's unique geographic position.
- TE route is the resilient "route of choice" from Red to Med submarine cable crossing.
- TE North allows TE to increase the footprint of the existing transit corridor.
- Capture the growth in bandwidth demand in Asia without the need to invest outside the home market.
- Reduce cost base of TE group retail internet arm by lowering international bandwidth cost.
- Being in a more competitive position to capture national/regional opportunities.

2007 Progress

Telecom Egypt engaged with India Middle East Western Europe (IMEWE) Submarine Cable System through the TE Transit Corridor. Deal worth \$36 million.

Telecom Egypt signed two contracts with SEACOM and VSNL in conjunction with its TE North Submarine Cable Project. Deal worth \$90 million.

TE Data ADSL

As the data arm for Telecom Egypt, TE Data ADSL is Egypt's number one broadband service. Being the fastest, most reliable ADSL service in the Egyptian market, TE Data ADSL has successfully and steadily accumulated more than half of the Egyptian broadband market by the end of 2007.

Designed to be positioned as a world-class broadband service, TE Data ADSL proved capable in 2007 of providing high-speed access to the internet on regular fixed, copper phone lines with speeds that can reach up to 24 mbps.

Last year, TE Data offered a set of value-added services and packages that have managed to differentiate TE Data ADSL and position it as the choice for broadband internet connectivity in Egypt.

Unlike other connectivity services, TE Data ADSL enables businesses to connect an entire LAN twenty-four hours a day to the internet, in addition to the option of having multiple fixed IP addresses for hosting the company's web servers, mail servers, intranet application, etc. inside the company.

TE Data ADSL Corporate Program

For companies that emphasize employee motivation through offering special benefits and keeping staff up to date with the latest technology, TE Data's ADSL Corporate Program enables companies to offer their employees ADSL broadband service in their homes at an incomparable speed and performance; employees are granted special discounted rates that far surpass any of the individual

packages. TE Data's ADSL service enables corporate users to remotely access their corporate networks, browse the internet, download files, chat, and have conferences - reliably and comfortably.

TE Data ADSL Resellers Program

For Virtual ISP's and Network Service Providers who want to provide ADSL service to their customers and don't have the infrastructure to do that, TE Data's ADSL Reseller Program allows Virtual ISP's and Network Service Providers to start immediately selling ADSL services to their end users using their own branding and positioning.

TE-VU (IP-TV)

TEVU pronounced "TE View" is the first of its kind in the region; this IP-TV service was launched by TE Data back in 2006. TE-VU is an exclusive value-added service that TE Data designed to delight its customers - in cooperation with ART (Arab Radio and Television), the leading regional Arabic content provider.

TE-VU is TE Data's first venture into the IP-TV and Triple Play world and it is the first service of its kind in Egypt as well as in the Middle East. With TE-VU, TE Data's ADSL users can watch premium live and recorded content over their ADSL connection without the need for a satellite dish or decoder.

Hence, TE-VU simply turned PC's into "virtual" decoders allowing TE Data ADSL users to enjoy different content using speeds as low as 256Kbps in a very smooth and seamless user experience.

Sky Pass (WiFi)

Free public WiFi Hotspots have become very common in the past two years and have increased in number in a phenomenal way. TE Data alone has over 150 hotspots ranging from totally free small sized hotspots in cafés to large deployments of WiFi zones in hotels and clubs around Greater Cairo, Alexandria and Egypt's main cities.

EVDO (Broadband for Wireless CDMA phone lines)

On its pursuit to deliver the full range of data connectivity services, TE Data, in cooperation with Telecom Egypt, is demonstrating Egypt's first EVDO service, CDMA-EVDO, short for "Evolution Data Optimized". In simple terms, this technology will permit the delivery of high speed broadband over CDMA (wireless) phone lines that are common in areas where copper phone lines are not available.