

TE-NORTH CABLE SYSTEM: Telecom Egypt puts first 40G Mediterranean system in service using Alcatel-Lucent's advanced coherent technology

Cairo, Egypt and Paris, France, August 11, 2011 —Telecom Egypt (TE) (*Ticker:* ETEL.CA; TEEG.LN), Egypt's primary telecommunications services provider, and Alcatel-Lucent (Euronext Paris and NYSE: ALU), have announced that the TE-NORTH Cable System, provisioned with 40 Gigabit per second (40G) wavelengths across the Mediterranean, is in service. TE-NORTH is the first Mediterranean cable network to provide commercial service using this newest 40G technology.

The 3600km system connects Abu Talat, Egypt, to Marseille, France, with a branch to Pentaskhinos, Cyprus and also includes other branching units for further expansions in the Mediterranean basin. The introduction of this advanced technology, essentially doubles the original design capacity of the system from 10 Terabits per second to over 20 Terabits per second (Tb/s), equivalent to the transfer of over 32,000 HD movies in 60 seconds.

TE-NORTH's expanded design capacity enables Telecom Egypt to meet the growing demand of their customers and the region on this important international telecommunications route. By boosting connectivity across the Mediterranean basin, the 40G technology enhances Telecom Egypt's ability to serve global operators whose international services transit Egypt and rely on Egypt to hub the services in the Middle East, Asia and Africa region.

"Telecom Egypt is very proud to take on the responsibility of serving the International telecommunications infrastructure along the Asia and Africa to Europe route with innovative proven technological advances" said Telecom Egypt's CEO Mohamed Abdelrehim. "TE-NORTH, with its recent 40G upgrades across the Mediterranean, will enhance the Egyptian user experience as more and more Egyptians celebrate their freedom and humanity online." "International customers and international infrastructure contribute to TE's top and bottom line and capture the attention of our investors towards the compelling geography of Egypt and the role of Telecom Egypt."

"Western peering points meet newer Eastern peering points in Egypt. TE-NORTH upgrade presents an enhanced cost point, sheer capacity levels and more resilience which presents the IP cloud with another reason for Egypt being a natural centre for global IP peering and transit" said Mohamed Elnawawy SVP at Telecom Egypt.

"Mixing our advanced 40G coherent technology with existing 10G channels enables operators like Telecom Egypt to best serve their customers and the end-users in the region with adequate speed and bandwidth to experience broadband multimedia services such as video with the highest quality," said Philippe Dumont, President of Alcatel-Lucent Submarine Networks SAS. "With our unique mix of expertise and features including our flexible system design and highly scalable submarine line terminal equipment, we are confident that 40G upgrades can directly support Telecom Egypt's business."

To implement the upgrade, the Alcatel-Lucent used the latest 1620 Light Manager product, previously deployed as part of the original USD 125million contract, and which was subsequently upgraded to 40G. To demonstrate the upgradability of the TE-NORTH system, a field trial was conducted on the system in 2010 with 64x40G channel capability per fiber pair, using a proprietary modulation format coupled with next-generation coherent detection which mitigated the transmission impairments in a cost-effective and automated manner.

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Notes to Editors:

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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 9.3 million subscribers as at 31 March 2011.

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 44.95% 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 Egyptian Exchange and the London Stock Exchange.

About Alcatel-Lucent (Euronext Paris and NYSE: ALU)

The long-trusted partner of service providers, enterprises, strategic industries and governments around the world, Alcatel-Lucent is a leader in mobile, fixed, IP and Optics technologies, and a pioneer in applications and services. Alcatel-Lucent includes Bell Labs, one of the world's foremost centres of research and innovation in communications technology.

With operations in more than 130 countries and one of the most experienced global services organizations in the industry, Alcatel-Lucent is a local partner with global reach.

The Company achieved revenues of Euro 16 billion in 2010 and is incorporated in France and headquartered in Paris.

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