



Anil Dhirubhai Ambani Group

Reliance Communications Acquires U.S.-based Yipes in an All-Cash Deal Valued at \$ 300 Million

Reliance will expand Yipes' coverage within the U.S. and take Yipes to nearly 40 new markets globally

Mumbai, India and San Francisco, California, USA - July 16, 2007: Reliance Communications Limited today announced the signing of a definitive agreement to acquire U.S.-based Yipes Holdings, Inc., the leading provider of managed Ethernet services.

Anil D. Ambani, Chairman of Reliance Communications, said: "This is the largest acquisition that Reliance Communications has ever made. The acquisition of Yipes drives forward our strategy to offer the most sophisticated, cutting-edge data communication products and services, specializing in application and content distribution, spanning developed and emerging markets. We see enormous potential to rapidly expand Yipes' coverage in the U.S. and to globalize Yipes service by leveraging our customer relationships and network reach around the globe. We confidently expect this acquisition to significantly enhance the growth rate, profitability and returns of our global data business."

Yipes is the leading provider of managed Ethernet and application delivery services for the global enterprise. Established in 1999, Yipes has pioneered Metro Ethernet and has developed leading-edge proprietary products to meet the exacting requirements of its customers. Ethernet is the fastest growing segment of the data communications market, driven by the migration of enterprise customers from older private network technologies. Infonetics Research forecasts the Ethernet services market will surge by over 30 percent CAGR from 2006 to 2010 when it will top \$ 25 billion worldwide.

Yipes has nearly 1,000 enterprise customers, concentrated across 4 industry verticals - financial, legal, government and healthcare - which currently account for 50% of the Ethernet market. Yipes has developed communications platforms that act as the oxygen for entire industry communities. For example, Yipes is the leading direct communications provider to the New York Stock Exchange, Chicago Mercantile Exchange and NASDAQ and interconnects with multiple market participants and intermediaries. Yipes, headquartered in San Francisco, owns over 22,000 route kilometers of fiber across 14 U.S. metros, which covers around 40% of the total U.S. datacommunications market. In addition, Yipes is present in London, Hong Kong and Tokyo.

Promod Haque, Yipes Chairman and Managing Partner of Norwest Venture Partners, said: "We saw long ago the impact Ethernet services would have on the telecommunications industry. Yipes has consistently brought fresh ideas and tangible innovation to this market. This acquisition of Yipes by India's powerhouse, Reliance Communications, sets the stage for a major transformation within global telecommunications."

John Scanlon, CEO of Yipes, said: "Yipes pioneered metro Ethernet services, extended it across the U.S. and expanded globally. Using the latest technologies, we were able to create a highly reliable, global Ethernet services and application delivery platform. I am proud of what we have accomplished as a team at Yipes. We are fortunate to have the best people in the industry who know how to make things happen. By focusing on our customers' needs, innovation and execution, we have moved the industry forward."

"With Reliance Communications, we aim to replicate our success in the U.S. across the rest of the world. The financial sector, in particular, presents a key opportunity for us as we are well positioned to capture the market by meeting the fast-growing and stringent connectivity requirements of financial exchanges around the world. The financial connectivity market alone is expected to reach \$6.3 billion by 2010 and grow at around 35 percent per year."

Reliance Communications' vision for its Global Data business is to be a leading provider of sophisticated, cutting-edge data communication products and services, specializing in application and content distribution, which will span into developed and emerging markets, delivered over the FLAG Global Network.

The acquisition of Yipes is a key step in Reliance Communications' plan to move up the value chain and closer to its customers in the Global Data business. It significantly increases Reliance's revenues from the enterprise segment internationally.

FLAG and Yipes are highly complementary in terms of their products, services, and networks.

With the acquisition of Yipes, Reliance will accelerate its penetration into the lucrative \$ 100 billion global enterprise data market and will be better able to serve its international customers directly in the U.S.

With the backing of Reliance, Yipes will rapidly double its coverage of the U.S. market. At the same time, Yipes' Ethernet services will be overlaid on FLAG's global next generation network, allowing Yipes to expand its reach worldwide and enabling FLAG to create significantly more value from its network assets in the strongholds of India, the Middle East, and East Asia.

Reliance Communications, through an affiliate, is acquiring 100 percent of Yipes in an all-cash transaction. This constitutes Reliance Communications' largest acquisition to date. Yipes will operate as a strategic business unit, fully integrated strategically and operationally within FLAG Telecom. The key senior management of Yipes has committed to remain with the business and will continue with their present responsibilities.

Punit Garg, President, Global Business, Reliance Communications commented: "The acquisition of Yipes will place Reliance Communications among the top three Global Ethernet service providers in the world. Reliance Communications with FLAG has a strong foothold in India, the Middle East and Asia, including China, Hong Kong and Taiwan. We plan to leverage the significant headstart of Yipes in Ethernet services, double the coverage in the U.S. domestic market, and rollout Yipes services over the FLAG Global Network. We are fully committed to bringing Ethernet services to nearly 40 new countries."

About Yipes Holdings, Inc.:

Yipes Holdings, Inc. is the parent company of Yipes Enterprise Services Inc., the leading provider of managed Ethernet and application delivery services for the global enterprise. Yipes' custom data networking solutions empower businesses by delivering high performance, dynamic control, unmatched service quality, and rapid ROI. Enterprise customers worldwide take advantage of Yipes' managed Ethernet services because they are easier to implement and manage than other services. Yipes' specialized offerings and obsession with customer satisfaction ensure that the company delivers the best quality experience. Nearly 1,000 enterprise customers worldwide rely on Yipes high-performance managed services to improve their competitive advantage. For more information, visit www.yipes.com.

About Reliance Communications:

Reliance Communications Limited founded by the late Shri. Dhirubhai H Ambani (1932-2002) is the flagship company of the Reliance Anil Dhirubhai Ambani Group. The Reliance Anil Dhirubhai Ambani Group currently has a market capitalisation of over \$ 40 billion, net worth in excess of \$ 10 billion, cash flows of \$ 2.2 billion, net profit of \$ 1.25 billion and zero net debt.

Rated among "Asia's Top 5 Most Valuable Telecom Companies", Reliance Communications is India's foremost and truly integrated telecommunications service provider. The company with a customer base of over 35 million including over one million individual overseas retail customers ranks among the Top 10 Asian Telecom companies by number of customers. Reliance Communications corporate clientele includes 600 Indian and 250 multinational corporations, and over 200 global carriers.

The company has established a pan-India, next generation, integrated (wireless and wireline), convergent (voice, data and video) digital network that is capable of supporting best-of-class services spanning the entire Infocomm value chain, covering over 8,000 towns and 300,000 villages. Reliance Communications owns and operates the World's largest next generation IP enabled connectivity infrastructure, comprising over 150,000 kilometres of fibre optic cable systems in India, USA, Europe, Middle East and the Asia Pacific region. For more information, visit: www.reliancecommunications.co.in

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