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**RELIANCE COMMUNICATIONS' FLAG TELECOM AWARDS  
U.S. DOLLAR 1.5 BILLION (Rs 6000 CRORE) TURNKEY CONTRACT TO  
CONSTRUCT FLAG Next Generation Network SUBMARINE CABLE**

**The FLAG Next Generation Network Submarine Cable will involve construction of 4 new cable systems across Mediterranean, East Africa, Asia and Pacific region**

**Upon completion, the FLAG NGN cable will nearly double the length of existing FLAG Global Network from 65,000 kms to 115,000 kms. The FLAG NGN cable will expand FLAG's reach to connect 5 out of 6 people in the world and 60 countries contributing to 90% of world GDP**

**The FLAG Next Generation Network project is to be completed by Fiscal Year 2009-10 to build the world's largest IP network over submarine cable systems**

**The FLAG NGN will create capacity to carry 2.5 billion simultaneous voice calls, 300 million simultaneous web chats, 52 million simultaneous video chats**

**The FLAG NGN combined with Ethernet services leadership in the U.S. through FLAG's Yipes (acquisition process is underway) will place FLAG at the forefront of global data communications**

**The FLAG NGN delivers the platform to meet growing datacom requirements of over 200 international telco, content and internet service provider customers of FLAG, 1,000 enterprise customers of Yipes, 850 out of 1,000 corporates in India through Reliance Communications**

**The FLAG NGN will accelerate Reliance Communications' entry into the U.S. \$ 90 billion (Rs 360,000 crore) global market for enterprise and institutional data services**

**Fujitsu has won this contract due to its highly reliable equipment and reputable turnkey project management capability under the very tough competition against other suppliers**

**London, UK, Mumbai, Tokyo and Paris, 03-Sep-2007:** FLAG Telecom, a leading provider of international network transport and data services, today announced it has signed a multi-million dollar turnkey contract with Fujitsu (TSE:6702) for the construction of FLAG NGN cable, a multi-terabit, new generation DWDM submarine cable system.

**Anil D. Ambani, Chairman of Reliance Communications, said:**

***“At the beginning of the year, we announced our US\$ 1.5 billion (Rs 6,000 crore) global expansion of FLAG’s Global Next Generation Network over the next few years. Today’s announcement is a major initiative in that direction. Worldwide the global market for enterprise and institutional data services is a U.S. \$ 90 billion (Rs 360,000 crore) market. With completion of NGN cable, FLAG will be the only service provider to reach over 60 countries on a privately owned cable system coupled with the technology leadership to deliver broadband multimedia communications. We are poised to achieve leadership in global data communications leveraging Reliance Communications’ strength as India’s largest integrated and fully converged communications service provider, Yipes leadership in fast growing Ethernet services in the U.S. and FLAG’s leadership in global data services.”***

#### Highlights of FLAG NGN cable

FLAG has always played a pioneering role in the global telecommunications business which began with FLAG Europe Asia, the world’s longest and first privately funded undersea fibre system commissioned in 1997. Such path-breaking milestones have been achieved at regular intervals by FLAG throughout its history. In 2006, FLAG created history with commissioning of FALCON the first private terabit cable system connecting all the countries in the Middle East and India to rest of world.

FLAG NGN cable is the latest initiative that will change how the world communicates and does business. FLAG NGN cable involves the construction of 4 new systems across Mediterranean, East Africa, Asia and Pacific regions. The extensions of each system will be finalized over next few weeks based on ongoing discussion with landing parties in each country.

- FLAG NGN System 1: Asia: India to Hong Kong with potential interconnection to Thailand, Malaysia, Singapore, Indonesia, Vietnam, Philippines, and Cambodia
- FLAG NGN System 2: Africa: India to Kenya with potential extension to Republic of South Africa and Reunion. Further potential extension to Mozambique, Tanzania, Madagascar, Mayotte and Mauritius.
- FLAG NGN System 3: Mediterranean: Egypt to France with potential extension to Syria, Greece, Cyprus, Turkey, Malta, Libya, Tunisia and Italy.
- FLAG NGN System 4: Pacific: Japan to US West Coast.

FLAG has awarded a Supply Contract to construct the systems across Asia and the Mediterranean (System 1 and 3) to Fujitsu. FLAG has also awarded a Letter of Intent to construct the systems in the East Africa and Pacific regions (System 2 and 4) to Fujitsu. The Letter of Intent is a precursor to the Supply Contract to be awarded at a later date.

Under the terms of the Supply Contract, won in open tender, Fujitsu, already a key supplier to FLAG Telecom, will manage all areas of the cable build, including installation, commissioning and testing. The initial system build will span over 10,000 km and offer significantly more high-quality capacity in the region to help address the growing traffic demands from the accelerating take up of broadband and multimedia services.

**Hiroaki Kurokawa, President & Representative Director of Fujitsu Ltd., said:**

**"We are very pleased to participate in this new project with FLAG Telecom contributing to the global deployment of NGN. Building on our track record in jointly constructing submarine cable system together with FLAG Telecom, we are confident that our close partnership will deliver an equally successful project this time. Leveraging cutting-edge Fujitsu photonic technology, we aim to contribute to the global roll-out of NGN and thereby enable users around the globe to fully enjoy the benefits of advanced broadband communications."**

## Strategic fit of FLAG NGN System

Reliance Communications acquired FLAG Telecom in January 2004. Since then FLAG has invested over U.S. \$ 500 million (Rs 2,000 crore) in expansion of FLAG's network, and financed this investment entirely through cash flow generated from FLAG's operations. FLAG has moved up the value chain and introduced higher value-add products including IPLC, VPN and Ethernet services. As a result of these initiatives, FLAG has been accelerating the growth of its revenues and increasing its margins.

FLAG NGN will further accelerate this growth. Customers today are focused on meeting demand in their home markets. With NGN, FLAG will be best positioned to meet customers' global connectivity requirements. Customers will be able to seamlessly connect to more than 60 countries through FLAG.

As part of the Next Generation Network project, FLAG is overlaying an All-IP enabled network and Data Centers to deliver advanced new-age services such as Application and Content Delivery. FLAG's customers will be able to access these state-of-the-art services over the high capacity highly reliable network from FLAG. Customers will save millions of dollars per annum required to otherwise develop and deploy these services. FLAG is in effect leveraging its Intellectual Property and state-of-the-art Lab facilities to provide unmatched value to its ever expanding global customer base.

FLAG will not only provide these services but manage them through Global Network Operations Center located in Mumbai.

**Punit Garg, President, FLAG Telecom commented:**

***“FLAG NGN will create an unparalleled private global network and capability to deliver end-to-end IP services. It is targeted to benefit all customers and not just those in any one market or region of the world. The over 200 customers of FLAG, 1,000 customers of Yipes and 850 of 1,000 corporates in India that are customers of Reliance Communications will directly benefit from the expanded reach. This will provide further impetus to our Channel and Strategic partners as they can expect to reap long term benefits through the ever-growing FLAG network.”***

### **About FLAG Telecom**

FLAG Telecom, a member company of the Reliance Group, has an established customer base of more than 200 leading operators, including all of the top ten international carriers. FLAG owns and manages an extensive optical fibre network spanning four continents and connecting key business markets in Asia, Europe, the Middle East and the USA. FLAG also owns and operates a low latency global MPLS based IP network, which connects most of the world's principal international Internet exchanges. FLAG offers a focused range of global products, including global bandwidth, IP, Internet, Ethernet and Co-location services. In the first international acquisition by the Group, FLAG Telecom became a Reliance Group company on 12 January 2004. Recent news releases and further information are on FLAG Telecom's website at: [www.flagtelecom.com](http://www.flagtelecom.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 capitalization of over U.S. \$ 40 billion (Rs 1,70,000 crore), net worth in excess of U.S. \$ 10 billion (Rs 40,000 crore), cash flows of U.S. \$ 2.25 billion (Rs 9,000 crore), net profit of U.S. \$ 1.25 billion (Rs 5,000 crore) 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.

Reliance Communications has established a pan-Indian, 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 10,000 towns and 300,000 villages. Reliance Communications owns and operates the World's largest next generation IP enabled connectivity infrastructure, comprising over 150,000 kilometers of fibre optic cable systems in India, USA, Europe, Middle East and the Asia Pacific region.

### **About Fujitsu**

Fujitsu is a leading provider of customer-focused IT and communications solutions for the global marketplace. Pace-setting device technologies, highly reliable computing and communications products, and a worldwide corps of systems and services experts uniquely position Fujitsu to deliver comprehensive solutions that open up infinite possibilities for its customers' success. Headquartered in Tokyo, Fujitsu Limited (TSE:6702) reported consolidated revenues of 5.1 trillion yen (US\$43.2 billion) for the fiscal year ended March 31, 2007. For more information, please see:

<http://www.fujitsu.com/global/>

#### Disclaimer

Statements contained in this Press Release that are not historical facts may be "forward-looking" statements as the term is defined in the Private Securities Litigation Reform Act of 1995. To identify these forward-looking statements look for words like "believes", "expects", "may", "will", "should", "seeks", "intends", "plans", "projects", "estimates", or "anticipates" and similar words and phrases. These, and all forward-looking statements, are based on current expectations and necessarily are subject to risks and uncertainties which could cause actual results to differ materially from those currently anticipated due to a number of factors which include, but are not limited to, our ability to achieve our objectives, to maintain the quality and reliability of our network and to guarantee that FLAG NGN will enter service within the expected time frame and whether it will achieve its stated objectives. We caution readers not to rely on forward-looking statements, and we disclaim any intent or obligation to update these forward-looking statements.