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RCOM AND GTL INFRA AGREE ON OVER RS. 50,000 CRORE (OVER US\$ 11 BILLION) DEAL FOR WORLD'S LARGEST INDEPENDENT TELECOM INFRASTRUCTURE COMPANY

RCOM SUBSIDIARY, RELIANCE INFRATEL TO DEMERGE TOWER ASSETS INTO GTL INFRA OPTIC FIBRE NETWORK AND RELATED ASSETS TO REMAIN WITH RCOM

RCOM TO RECEIVE INFUSION IN CASH TO BE UTILISED FOR SUBSTANTIAL REDUCTION OF ITS DEBT

TWO MILLION RCOM SHAREHOLDERS TO RECEIVE FREE LISTED SHARES OF GTL INFRA

MERGED ENTITY TO HAVE OVER 80,000 TOWERS AND OVER 1,25,000 TENANCIES FROM OVER 10 TELECOM OPERATORS

MERGED ENTITY TO HAVE FIRM OPTION OF ADDITIONAL 75,000 TENANCIES

INDEPENDENCE AND NEUTRALITY OF MERGED ENTITY A CATALYST TO ATTRACT ADDITIONAL TENANCIES FROM 2G, 3G AND BWA PLAYERS

Mumbai, June 27, 2010: The Boards of Reliance Communications Ltd. (RCOM), and its subsidiary, Reliance Infratel Ltd. (RINFRATEL) and GTL Infrastructure Ltd. (GTL INFRA) today in-principle approved a Rs. 50,000 crore (US\$ 11 billion) deal to create the world's largest independent telecom infrastructure company, neither owned nor controlled by any telecom operator.

This transformational deal will be implemented through a demerger of RINFRATEL's tower assets into GTL INFRA.

India's largest optic fibre network of over 200,000 kms and related assets presently, owned by RINFRATEL will remain under RCOM's ownership.

The proposal will lead to substantial unlocking of value, through:

- cash infusion to RCOM, leading to substantial reduction of its consolidated gross debt and improved leverage ratios, contributing to enhanced financial flexibility; and
- the receipt of FREE listed shares of the merged entity, by over 2 million shareholders of RCOM and the minority shareholders of RINFRATEL, enabling their continued participation in future prospects of the high growth telecom infrastructure sector.

Further details of the quantum of cash infusion to RCOM, and the share swap ratios for RCOM and RINFRATEL minority shareholders will be finalised in due course with the help of independent valuers and advisors.

Upon closing itself, the merged entity will have over 80,000 towers and over 1,25,000 tenancies from over 10 telecom operators such as Reliance Communications, Aircel, Etisalat DB Telecom, MTS, Uninor Telecom, Videocon Mobile, Tata Teleservices, Vodafone, S Tel. In addition, the merged entity will have a firm option on additional 75,000 tenancies from leading players.

Based on developments in the Indian telecom sector, including inter alia the likely future demand for telecom infrastructure across the country from 14 players in 2G, and winners in the recent auction for 3G (9 players) and BWA (Broadband Wireless Access - 8 players), the merged entity is expected to derive substantially higher tenancy ratios, apart from scale benefits and operational synergies.

The interests of RCOM as the largest tenant of the merged entity will be adequately protected through appropriate contractual arrangements.

The proposed transaction is subject to receipt of all necessary approvals, customary due diligence, definitive documentation, etc. It is anticipated that, barring unforeseen circumstances, the transaction will achieve final closing over the next 6 months.

As already announced on June 6, 2010, the RCOM Board has separately in-principle approved a proposal for induction of strategic and/or private equity investors for a 26% shareholding in the Company at an appropriate premium to the prevailing market price, and/or appropriate consolidation / combination options, and those discussions are continuing.

Note

Reliance Infratel Limited is proposing, subject to market conditions and other considerations, an initial public offering of its equity shares and has filed a Draft Red Herring Prospectus (DRHP) with the Securities and Exchange Board of India (SEBI).

This announcement is not an offer for sale or solicitation of an offer to buy securities in the United States or any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

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 net worth in excess of Rs. 64,000 crore (US\$ 13.6 billion), cash flows of Rs. 13,000 crore (US\$ 2.8 billion), net profit of Rs. 8,400 crore (US\$ 1.8 billion).

Reliance Communications is India's foremost and truly integrated telecommunications service provider. The Company, with a customer base of 109 million including over 2.5 million individual overseas retail customers, ranks among the Top 4 Telecom companies in the world by number of customers in a single country. Reliance Communications corporate clientele includes 2,100 Indian and multinational corporations, and over 800 global, regional and domestic carriers.

Reliance Communications 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 communications value chain, covering over 24,000 towns and 600,000 villages. Reliance Communications owns and operates the world's largest next generation IP enabled connectivity infrastructure, comprising over 190,000 kilometers of fibre optic cable systems in India, USA, Europe, Middle East and the Asia Pacific region.