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**RCOM APPROVES TRANSFORMATIONAL PROPOSAL TO RESTRUCTURE RELIANCE
INFRATEL AND CREATE WORLD'S LARGEST INDEPENDENT
TELECOM INFRASTRUCTURE COMPANY**

**ENHANCED INDEPENDENCE AND NEUTRALITY OF TELECOM INFRASTRUCTURE COMPANY
SEEN AS MAJOR CATALYST TO ATTRACT NEW 2G, 3G AND BWA PLAYERS**

**PROPOSAL WILL ALSO FACILITATE CONSOLIDATION IN TELECOM INFRASTRUCTURE
SPACE LEADING TO SCALE BENEFITS AND OPERATIONAL SYNERGIES**

CONSIDERATION TO BE RECEIVED THROUGH COMBINATION OF CASH AND STOCK

**RCOM TO BENEFIT FROM SUBSTANTIAL REDUCTION OF CONSOLIDATED DEBT,
SIGNIFICANT IMPROVEMENT IN LEVERAGE RATIOS AND ENHANCED
FINANCIAL FLEXIBILITY**

**PARTIAL CONSIDERATION IN STOCK WILL ENABLE CONTINUED PARTICIPATION
IN FUTURE PROSPECTS OF HIGH GROWTH TELECOM INFRASTRUCTURE SECTOR**

**DISCUSSIONS AT ADVANCED STAGE
WITH SEVERAL DOMESTIC AND INTERNATIONAL STRATEGIC AND FINANCIAL PLAYERS**

Mumbai, June 14, 2010: The Boards of Directors of Reliance Communications Ltd. (RCOM) and its subsidiary, Reliance Infratel Ltd. (RINFRA TEL) today in-principle approved a proposal to restructure ownership of RINFRA TEL, to facilitate creation of the world's largest independent telecom infrastructure company, not owned and/or controlled by any telecom operator.

This transformational proposal will be implemented through a demerger and/or other suitable value-creating options vis-a-vis INFRATEL's assets, subject to necessary approvals, with the consideration to be received in a combination of cash and stock.

Commenting on the development, Mr. Anil D. Ambani, Chairman, Reliance Communications Ltd., stated:

“Our transformational initiative of creating the world's largest independent telecom infrastructure company, will facilitate efforts of new telecom players to achieve the most extensive and fastest nationwide rollout, in the most cost-effective manner.

I am personally looking forward to an era of healthy co-operation and collaboration with existing and new players, especially recent winners of 3G and BWA spectrum.

I am delighted that this endeavor will greatly benefit Reliance Communications through substantial debt reduction, and enhanced financial flexibility.”

The Boards noted recent developments in the Indian telecom sector, including inter alia the likely substantial 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 Boards felt that enhanced independence and neutrality of the telecom infrastructure company will act as a significant catalyst for attracting these new tenants. The interests of RCOM as INFRATEL's continuing largest tenant will be protected through appropriate contractual arrangements.

The Boards also believed this step will facilitate consolidation in the telecom infrastructure industry, leading to scale benefits, higher utilisation of assets, improved productivity and operational synergies.

The proposal will lead to substantial unlocking of value for RCOM's over 2 million shareholders, through:

- the cash infusion, leading to substantial reduction of consolidated debt and improved leverage ratios for RCOM, contributing to enhanced financial flexibility; and
- the receipt of partial consideration in stock, enabling continued participation in future prospects of the high growth telecom infrastructure sector.

RCOM and RINFRATEL are at an advanced stage of discussions with several domestic and international strategic and financial players to finalise the proposal, and it is anticipated that, barring unforeseen circumstances and subject to necessary approvals, a transaction will be announced shortly.

As already announced on 6th June 2010, the RCOM Board has in-principle approved a separate 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.