



Office of the Director of
**Telecommunications
Regulation**

INFORMATION NOTICE

Valentia/*eircom* transaction: Text of assurance letters

Document No: 01/87

Date: 15 November 2001

Oifig an Stiúirthóra Rialála Teileachumarsáide

Office of the Director of Telecommunications Regulation

Abbey Court, Irish Life Centre

Lower Abbey Street, Dublin 1, Ireland

Tel. +353 1 804 9600 Fax. +353 1 804 9680 E-mail info@odtr.ie

In April 2001 Valentia Telecommunications Ltd (“Valentia”) announced its intention to take over the entire share capital of *eircom* plc (“*eircom*”). Valentia and *eircom* subsequently lodged a joint application with the Director of Telecommunications Regulation seeking her consent to the transfer of certain licences (issued by the Director) which were held by *eircom* and by its wholly-owned subsidiary Indigo Services Ltd. That consent has since been given and the offer has received the necessary clearances from other regulatory bodies.

In the context of the transfer process, the attached assurances were provided by Valentia and those of its shareholders entitled to nominate directors to the Valentia board.

Annex

VALENTIA TELECOMMUNICATIONS LIMITED

Registered Office: 25-28 North Wall Quay

Dublin 1

Ireland

Ms Etain Doyle,
Director of Telecommunications Regulation,
Office of the Director of Telecommunications Regulation,
Abbey Court,
Irish Life Centre,
Lower Abbey Street,
Dublin 1

15 October 2001

Valentia Telecommunications Limited ("Valentia")/eircom plc ("eircom")

Dear Director,

1. On behalf of Valentia, it is confirmed that upon the completion of the purchase of eircom by Valentia:
 - (a) Valentia and its shareholders are committed to ensuring that eircom will meet its regulatory and telecommunications licensing obligations and shall do nothing intended to prevent eircom's ability to meet such obligations;
 - (b) eircom will continue to provide licensed services (as defined in eircom's various telecommunications licenses) and comply with its regulatory and telecommunications licensing obligations;
 - (c) Valentia will ensure that all financial and other resources necessary for eircom to assume, honour and comply with all responsibilities, commitments, obligations, terms and conditions imposed by law and/or by licence are and will continue to be made available to eircom;
 - (d) In order to create a thriving telecommunications business, significant capital investment is required to maintain the integrity of the network and to develop infrastructure that meets the demands of the consumer across Ireland. Valentia has noted that the absolute levels of capital expenditure by eircom have been high relative to other European incumbent telecommunications operators. It is clear from discussions between Valentia and eircom management that this expenditure has been necessary to bring the quality of the network and systems in the business to a level which would be line with its European peers. Many of these projects are in progress and Valentia anticipates, on the basis of management discussions, that these will be completed in the next 12 to 18 months. Once the upgrading programme is completed, Valentia would anticipate that

capital expenditure would reflect a level which is in line with its European peer group;

- (e) Valentia intends to continue to run the business of eircom in broadly its existing form. Valentia aims to grow and develop eircom through the substantial experience of its shareholders in investing in and operating telecoms businesses globally. Additionally, it is confirmed that Valentia will strive to run the eircom business as a world class operation in terms of service, efficiency and technology, enhancing Ireland's position as a leading technology hub; and
- (f) Where regulatory matters require the consent of Valentia, Valentia is committed to prompt decision making and committed to making available to ODTR staff, the relevant decision makers in Valentia to reasonably expedite the resolution of Valentia and eircom regulatory matters.

2. Having considered the matter, Valentia further confirms that it is not aware of any reason why Valentia's ownership of the eircom group nor any of the agreements related to the recommended offer by Goldman Sachs on behalf of Valentia would impinge on eircom's regulatory obligations.
3. Nothing in this letter shall restrict or prevent Valentia, its shareholders or eircom from challenging, disagreeing or objecting to any decision, recommendation, request or notice of or from the ODTR. It is also recognised that the ODTR preserves all its legal rights.
4. This letter is issued to you on the basis that you agree that it forms the totality of your requirements from Valentia in the context of the current approval process concerning the change in control of eircom and brings the process to a conclusion, other than clarification of certain factual matters which will not affect the granting of such approval.

Yours sincerely,

Signed by

J C. Hahn
For and on behalf of
Valentia Telecommunications Limited

Lionheart Ventures (Overseas) Limited
Iris Tower
6th Floor
Corner Makarios Avenue & Agapinor Street
P.O. Box 1302
Nicosia
Cyprus
Tel: 00 357 271 7777
Fax: 00 357 271 7744

Ms Etain Doyle,
Director of Telecommunications Regulation,
Office of the Director of Telecommunications Regulation,
Abbey Court,
Irish Life Centre,
Lower Abbey Street,
Dublin 1

16 October 2001

Valentia Telecommunications Limited ("Valentia")/eircom plc ("eircom")

Dear Director ,

Lionheart Ventures (Overseas) Limited confirms that it will, in so far as possible, assist Valentia to meet its commitments in the letter from Valentia to the ODTR dated 15 October 2001 and appended hereto.

It is understood that this letter from us to you is not actionable and is not intended to create and does not create legal relations between us.

Yours Sincerely,

For and on behalf of
Lionheart Ventures (Overseas) Limited

DIRECTORS
Sir Anthony O'Reilly, Eleni Drousiotou, Theognosia Sofroniou

PV III INVESTMENT (CAYMAN) LIMITED

Registered Address: Ugland House

P.O. Box 309

George Town

Grand Cayman

Cayman Islands

Ms Etain Doyle
Director of Telecommunications Regulation,
Office of the Director of Telecommunications Regulation,
Abbey Court,
Irish Life Centre,
Lower Abbey Street,
Dublin 1.

15 October 2001

Valentia Telecommunications Limited ("Valentia")/eircom plc ("eircom")

Dear Director ,

PV III Investment (Cayman) Limited confirms that it will, in so far as possible, assist Valentia to meet its commitments in the letter from Valentia to the ODTR dated 15 October 2001 and appended hereto.

It is understood that this letter from us to you is not actionable and is not intended to create and does not create legal relations between us.

Yours Sincerely

Signed by,

John C. Hahn
For and on behalf of
PV III Investment (Cayman) Limited

eircom ESOP Trustee
Managing employee share ownership

eircom ESOP Trustee Limited
Clarendon House
Clarendon Street
Dublin 2
Republic of Ireland

Ms Etain Doyle
Director of Telecommunications Regulation,
Office of the Director of Telecommunications Regulation,
Abbey Court,
Irish Life Centre,
Lower Abbey Street,
Dublin 1

15 October 2001

Valentia Telecommunications Limited ("Valentia") / eircom plc ("eircom")

Dear Director ,

The eircom ESOP Trustee Limited confirms that it will, in so far as possible, assist Valentia to meet its commitments in the letter from Valentia to the ODTR dated 15th Oct 2001 and appended hereto (the "Valentia Letter").

It is understood that this letter from us to you is not actionable and is not intended to create and does not create legal relations between us.

Yours sincerely

Signed by

For and on behalf of
eircom ESOP Trustee Limited

Directors C Scanlon (Chairman), J Barrett, D Beattie, S Cody, A J Flynn, C Magee, J O'Connor
eircom ESOP Trustee Limited, Registered in Ireland at 114 St Stephen's Green, Dublin 2 Number 291846

KNIGHTSTOWN INVESTOR LIMITED Caledonian Bank & Trust Limited, Caledonian House, Jennett Street, P.O. Box 1034 GT, George Town, Grand Cayman, Cayman Islands

EMOF L.L.C 1013 Centre Road, Wilmington, New Castle County, Delaware 19805-1297,
USA

Ms Etain Doyle
Director of Telecommunications Regulation,
Office of the Director of Telecommunications Regulation,
Abbey Court,
Irish Life Centre,
Lower Abbey Street,
Dublin 1.

15 October 2001

Valentia Telecommunications Limited ("Valentia")/eircom plc ("eircom")

Dear Director,

Knightstown Investor Limited and EMOF LLC each confirms that it will, in so far as possible, assist Valentia to meet its commitments in the letter from Valentia to the ODTR dated 15 October 2001 and appended hereto.

It is understood that this letter from us to you is not actionable and is not intended to create and does not create legal relations between us.

Yours Sincerely,

For and on behalf of
Knightstown Investor Limited and EMOF LLC