

**At the request of the Stock Exchange Operations Commission, the principal mechanisms of the Pre-emption Right of shareholders of the Cegetel Group are summarized hereinafter**

**Approval of Cegetel's Board of Directors**

In the event that a Strategic Partner<sup>1</sup> proposes to Transfer all or part of its Shares to another Strategic Partner or to a third party, and that none of the Strategic Partners has exercised its Pre-emption Right, VU must be assured that Cegetel's Board of Directors approves the Transfer proposal within fifteen (15) of the date of the Transfer Notice to the Board and each of the Strategic Partners undertakes to procure that its respective Directors shall vote in favour of the proposed Transfer.

The non-exercise of the Pre-emption Right shall be considered as an irrevocable waiver of this Right vis-à-vis the Transfer in question.

If the Board does not approve the proposed Transfer, VU shall be held to grant to the Transferring Strategic Partner an option to sell to VU the number of Shares indicated in the Transfer Notice at the price at which VU was entitled to exercise its Pre-emption Right plus 20 %.

**Pre-emption Right in the event of a Transfer of Shares at the expiry of the standstill period**

At the expiry of the standstill period, the Strategic Partners shall be at liberty to Transfer their Shares to the other Strategic Partners or to third parties.

The Transfer by one of the Strategic Partners, whichever it may be, or by Transtel (the "Transferring Strategic Partner") of its Shares shall be subject to the Pre-emption Right (the "Pre-emption Right") of the other Strategic Partners (the "Non-Transferring Strategic Partners").

**Notice of the proposed Transfer**

The Transferring Strategic Partner must send to the Non-Transferring Strategic Partners:

(i) in the event that the Transfer of Shares does not represent a Strategic Interest, that is to say the Transfer of Shares represents less than 7.5% of Cegetel's capital ("Partial Transfer"), a firm and unconditional proposal, giving the price, name and address of the Transferee, the description of the Shares offered for Transfer and the other conditions of Transfer. Firm and unconditional proposal with the usual representations and guarantees on the part of the vendor without any mechanism for adjustment of the purchase price.

(ii) in the event that the Transfer of Shares represents a Strategic Interest, that is to say the Transfer of Shares represents more than 7.5% of Cegetel's capital ("Total Transfer"), a conditional proposal set out in the form of a Letter of Intent giving the name and address of the Transferee, the description of the Shares, the price, as well as the other conditions of the Transfer. A copy of the Letter of Intent shall be sent to VU, and to the Non-Transferring Strategic Partners as well as to the Chairman of Cegetel.

---

<sup>1</sup> Shareholders in Cegetel Group: VU, BT, Vodafone and SBC.

The proposed Transferee shall then have thirty (30) days to conduct a due diligence on Cegetel and the Group Companies customary for a transaction of a similar type and size. At the end of the thirty (30) day period, the proposed Transferee shall provide the Transferring Strategic Partner with an unconditional proposal that the Transferring Strategic Partner shall immediately send to the Chairman of Cegetel and to the Non-Transferring Strategic Partners.

### **VU's pre-emption Right**

VU shall have twenty (20) days following receipt of a Transfer Notice to inform the Transferring Strategic Partner, the Chairman of Cegetel and the Non-Transferring Strategic Partners of its decision to acquire the Shares or to decline the Proposal for the Transfer of the Shares. Note: the decision to Pre-empt shall only apply to the total number of Shares.

### **Pre-emption Right of the Other Strategic Partners**

The Non-Transferring Strategic Partners other than VU have a Second Rank Pre-emption Right on the Shares, and must in this case inform the Transferring Strategic Partner and the Chairman of Cegetel of their decision to acquire the Shares.

The Pre-emption Right of the Other Strategic Partners shall be exercised (i) if VU does not Pre-empt: in a period commencing at the expiry of the 20 day period that VU has in which to Pre-empt or at the date of VU's decision not to pre-empt, and ending 30 days after the date of receipt of the Transfer Notice; or (ii) in any other case, within a period of thirty (30) days commencing from the date of receipt of the Transfer Notice. Note: the decision to Pre-empt shall only apply to the total number of Shares.

If the Pre-emption Right of the Strategic Partners is exercised over a number of Shares greater than the number of Subject Shares the Transferring Strategic Partner is proposing to Transfer, a proportional distribution shall be carried out according to the procedures provided for in the agreement. If the proposed Transferee is a Strategic Partner and if it is exercising its Pre-emption Right, it shall have the right to a *prorata* of the Subject Shares.

### **BT Replacement Right**

In the case of a Total Transfer (that is more than 7.5% Cegetel's capital), BT shall have the right to require VU to acquire the portion of the Subject Shares that BT would have acquired had it exercised its Pre-emption Right. This right is exercisable at the latest five (5) days before the expiry of the period during which BT is entitled to exercise its Pre-emption Right.

### **Transfer by BT of more than 5% of Cegetel's capital to a Telecom Operator**

In this case, VU can, within twenty (20) days of receipt of a Transfer Notice from BT, inform BT, the Chairman of Cegetel and the Non-Transferring Strategic Partners of its decision (i) to exercise its right to veto the proposed Transfer, which for VU entails the obligation to purchase the Subject Shares; (ii) to purchase the Subject Shares and exercise its Pre-emption Right; or (iii) to decline to purchase the Subject Shares, in which case the other Strategic Partners can decide to exercise their Pre-emption Right.

## **Transfer by VU of more than 5% of Cegetel's capital to a Telecom Operator**

In this case, BT shall have thirty (30) days to inform VU, the Chairman of Cegetel and the Non-Transferring Strategic Partners of its decision (i) to exercise its right to veto the proposed Transfer; if following the exercise of this right of veto, no Strategic Partner shall exercise its Pre-emption Right, BT must purchase all the Subject Shares; if BT exercises its right of veto and one or several of the Strategic Partners exercise their Pre-emption Right, a proportional distribution between BT and the Other Strategic Partners shall be carried out according to the procedures provided for in the agreement; (ii) to purchase the Subject Shares; or (iii) to refuse to purchase the Subject Shares.

### **Conditions of the Exercise of the Pre-emption Right**

#### 1. Cash consideration

The conditions on which the Pre-emption Right shall be exercised will be those set out in the Transfer Notice. Concerning the price of such exercise:

(a) In the case of a proposed Transfer by a Strategic Partner other than VU or BT or in the case of a proposed Transfer by VU or BT other than a Transfer of more than 5% of Cegetel's capital to a telecom operator, the price will be:

- in the case of a Partial Transfer (less than 7.5% of Cegetel's capital), the price for VU and the other Strategic Partners shall be that contained in the Transfer Notice;

in the case of a Total Transfer (more than 7.5% of Cegetel's capital):

(i) where the Transfer Notice has been served by VU or BT:

- the price contained in the Transfer Notice for VU or for BT as the case may be;
- 113% of the price contained in the Transfer Notice for SBC, Vodafone;

(ii) where the Transfer Notice has been served by SBC or Vodafone:

- 113% of the price contained in the Transfer Notice for VU or for one or more of the Other Strategic Partners; it being understood that BT is entitled to notify VU within five (5) days of the date of issue of the Transfer Notice and to require VU to purchase the Shares which BT would have acquired by exercising its Pre-emption Right. In such a case, VU shall undertake to resell these Shares to BT for a price equal to 110% of the price contained in the Transfer Notice within five (5) days from the completion of the purchase of the Subject Shares.

(b) In the case of a proposed Transfer of Shares by VU or BT of more than 5% of Cegetel's capital to a telecom operator, the price will be:

- in the case of a Partial Transfer: (i) the price contained in the Transfer Notice for VU or for one or several Other Strategic Partners, or (ii) the Fair Market Value determined by the Third Expert for VU or BT, as the case may be, where VU or BT shall have exercised their right of veto.
- In the case of a Total Transfer:
  - the price contained in the Transfer Notice for VU or for BT as the case may be;
  - 113% of the price contained in the Transfer Notice for SBC, Vodafone;

- the Fair Market Value determined by the Third Expert for VU or BT, as the case may be, where VU or BT shall have exercised their right of veto.

## 2. Non-cash consideration

In the event of a proposed Transfer for a non-cash consideration, any of the Non-Transferring Strategic Partners can give notification, within fifteen (15) days of receipt of the Transfer Notice, of its disagreement as to the cash equivalent price proposed in the Transfer Notice.

Upon receipt of the notification, VU, the contesting Strategic Partner and the Transferring Strategic Partner shall seek to reach an agreement on the corresponding price of the non-cash consideration. If no agreement is reached between them within fifteen (15) days following receipt of the notification, the price shall correspond to the Fair Market Value determined by the Third Expert.

The Transferring Strategic Partner who disagrees with the Fair Market Value as determined by the expert can exercise a right to withdraw from the proposal within eight (8) days following the expert's decision. In this case, it shall not be entitled to make a new Transfer proposal within six (6) months following the exercise of its Right to Withdraw.

If this price is thus contested, the time for the exercise of the Pre-emption Rights of VU and the Other Strategic Partners shall be postponed for one month.

## 3. Determination of the price in the event of the Transfer by VU or BT of more than 5% Cegetel's capital to a telecom operator

If VU or BT considers that the price proposed in the Transfer Notice is not a fair price, they can contest it and exercise their right of veto within fifteen (15) days following receipt of the Transfer Notice.

Upon receipt of the contestation of the price, VU or BT, as the case may be, shall seek to reach an agreement on the price of the Subject Shares. If no agreement is reached between them within fifteen (15) days following receipt of the contestation, the price of the Shares shall correspond to the Fair Market Value determined by the Third Expert. In this case, the conditions for the exercise of the Pre-emption Right shall be those contained in the Transfer Notice with the exception of the price which will be the Fair Market Value determined by the Third Expert.

### **Determination of the Fair Market Value by the Third Expert**

In case of a contestation of the price in the event of a non-cash consideration, or the Transfer by VU or BT of more than 5% Cegetel's capital to a telecom operator and the exercise of a right of veto, a Third Expert shall be appointed with the joint agreement of the Transferring Strategic Partner and the Non-Transferring Strategic Partners within 10 days after the notification of disagreement on the cash equivalent price or the exercise by VU or BT, as the case may be, of its right of veto. Failing such agreement, the Third Expert shall be a leading independent investment bank of international reputation selected by the President of the *Institute of Chartered Accountants*.

The Third Expert shall render its decision within 30 days of its appointment. The Fair Market Value thus determined will be binding on the relevant Strategic Partners.

### **Time for completion of the Transfer of Shares**

In the event that a Pre-emption Right is exercised, the completion of the purchase of the Subject Shares shall take place within the latest of (i) 15 days from the decision by VU to Pre-empt, or following the decision of the Other Strategic Partners to Pre-empt or the exercise by VU or BT of their right of veto, increased by 1 month in the case that a Third Expert shall have been appointed, and (ii) 15 days from the date on which the compulsory approvals imposed by applicable law have been obtained by any of the Strategic Partners having exercised their Pre-emption Right.

In any case, the completion of the purchase of the Subject Shares shall take place no later than 90 after delivery of the Transfer Notice, or following the exercise of their Pre-emption Right by one or several Strategic Partners, or the exercise of the right of veto by VU or BT, increased by 1 month in the case that a Third Expert shall have been appointed, failing which the Pre-emption Right shall be deemed not to have been exercised.

### **Where a Pre-emption Right is not exercised or exercised incompletely**

In the case where the Pre-emption Right is not exercise within the time limits set out, or is not exercised for all the Subject Shares, the Transfer may be made to the proposed Transferee at the same price and on the same conditions as those set out in the Transfer Notice, provided that such Transfer shall take place within six (6) months of the lapse of the period available for the exercise of the Pre-emption Right, failing which the Transfer of the Subject Shares shall again be subject to the provisions of the Shareholder's Agreement relating to Pre-emption Rights.