



2000/198

21 December 2000

Vodafone Group Plc Acquisition of Eircell

Vodafone Group Plc ("Vodafone") and *eircom plc* ("*eircom*") have reached agreement on the terms of the acquisition by Vodafone of the business of Eircell ("Eircell"), *eircom's* mobile operator. The acquisition values Eircell at approximately €4.5 billion, which includes the assumption of €250 million of net debt.

The acquisition will be effected by the demerger of Eircell to a newly incorporated company, Eircell 2000 plc ("Eircell 2000"), followed by a recommended offer for Eircell 2000, to be made by UBS Warburg on behalf of Vodafone (the "Offer"). *eircom* shareholders will receive one Eircell 2000 share for every *eircom* share held at the time of the demerger.

The Offer will be 0.9478 Vodafone shares for every two Eircell 2000 shares, valuing Eircell 2000's shares at approximately €4.2 billion, based on Vodafone's share price of £2.45 at the close of business on 20 December 2000. Vodafone expects to issue approximately 1.046 billion new Vodafone shares to Eircell 2000 shareholders.

The demerger and the Offer will be recommended by the *eircom* board, and the Offer will be conditional, inter alia, on the following:

- more than 50 per cent. of *eircom* shareholders voting in favour of the demerger of Eircell at an *eircom* EGM;
- more than 50 per cent. acceptances in relation to the Offer; and
- regulatory approvals from the European Commission and Irish regulatory authorities.

Irrevocable undertakings to vote in favour of the Offer have been received from Comsource (owned by KPN Telecom B.V. and Telia AB) and those *eircom* directors who will hold Eircell 2000 shares, representing approximately 35 per cent. of the Eircell 2000 shares to be issued. Comsource has agreed not to sell the Vodafone shares it receives as a result of the Offer in the market for a period of 30 days after the receipt of such shares.

The Offer is expected to complete in the first half of 2001.

Julian Horn-Smith, Chief Executive of Vodafone Europe, commented:

"Vodafone is acquiring the market leader in the Republic of Ireland, adding more than 1.2 million customers to its base, in an attractive mobile market with a high proportion of young people and a fast growing population. Eircell complements Vodafone's existing presence in Northern Ireland and enhances its European footprint. In addition, we are able to offer Eircell the opportunity to participate in the substantial advantages offered by Vodafone's global reach."

More/...

Alfie Kane, Chief Executive of *eircom*, commented:

"This transaction will result in a substantial release of value to our shareholders who are now benefiting from the development of Eircell into Ireland's leading mobile communications company. The combination of Eircell with Vodafone's global footprint will enhance Eircell's ability to meet its longer-term strategic challenges."

Eircell has an estimated 60 per cent. market share in the Republic of Ireland with over 1.2 million subscribers and is the clear market leader in both the residential and corporate segments. For the year ended 31 March 2000, Eircell recorded revenues of €484 million and EBITDA of €129 million. For the six months ended 30 September 2000, revenues grew by 49 per cent. to €327 million (€219 million) and EBITDA grew 37 per cent. to €82 million (€60 million).

Vodafone was advised by UBS Warburg.

-ends-

Notes to editors:

The exchange rate used to convert pound sterling ("£") to euro ("€") is 1.6422

Enquiries:

Vodafone Group Plc

Tim Brown, Group Corporate Affairs Director
Melissa Stimpson, Senior Investor Relations Manager
Jon Earl, Investor Relations Manager
Tel: +44 (0) 1635 33251

Tavistock Communications
Lulu Bridges
Tel: +44 (0) 20 7600 2288

UBS Warburg

Warren Finegold
Andre Sokol
Tel: +44 (0) 20 7567 8000

This announcement has been issued by and is the sole responsibility of Vodafone Group Plc. UBS Warburg Ltd., a subsidiary of UBS AG, which is regulated in the United Kingdom by the Securities and Futures Authority Limited, is acting for Vodafone Group Plc and for no one else in connection with the proposed transaction and will not be responsible to anyone other than Vodafone Group Plc for providing the protections afforded to customers of UBS Warburg Ltd., or for providing advice in relation to the transaction.

This announcement does not constitute, or form part of, an offer or any solicitation of an offer for securities in any jurisdiction.