

30th November 2000

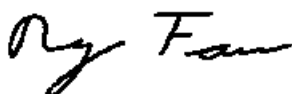
COMPANY ANNOUNCEMENT

QUOTE

Maltacom p.l.c. wishes to announce that yesterday afternoon it received a letter and an Instrument for the modification of an agreement in respect of the operation of a telecommunications system or the provision of a telecommunications service and for the provision of appropriate matters for the purpose of providing for the implementation of the provisions of the Telecommunications (Regulation) Act, both dated 29th November 2000 from the Honourable Minister for Transport and Communications, Mr. Censu Galea regarding the Company's shareholding in Vodafone Malta Limited.

The Board of Directors met this morning, the 30th of November 2000 to discuss the impact of the instructions issued by the Honourable Minister and has decided to publish the correspondence received, which is hereto attached.

UNQUOTE



**Raymond Fava
Company Secretary**



Il-Ministru

The Minister

29th November, 2000

Mr Maurice Zarb Adami
Chairman
Maltacom p.l.c.

Dear Mr Maurice Zarb Adami,

I have today signed an Instrument for the modification of an agreement in respect of the operation of a telecommunications system or the provision of a telecommunications service and for the provision of appropriate matters for the purpose of providing for the implementation of the provisions of the Telecommunications (Regulation) Act in terms of the powers conferred upon me by virtue of Article 46 of the Telecommunications (Regulation) Act which is effective as from the 29th of November, 2000.

I attach this document herewith for compliance as necessary.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Censu Galea'.

Censu Galea
Minister for Transport & Communications

Enc.

TELECOMMUNICATIONS (REGULATION) ACT, 1997

INSTRUMENT FOR THE MODIFICATION OF AN AGREEMENT IN RESPECT OF THE OPERATION OF A TELECOMMUNICATIONS SYSTEM OR THE PROVISION OF A TELECOMMUNICATIONS SERVICE AND FOR THE PROVISION OF APPROPRIATE MATTERS FOR THE PURPOSE OF PROVIDING FOR THE IMPLEMENTATION OF THE PROVISIONS OF THE TELECOMMUNICATIONS (REGULATION) ACT.

IN EXERCISE of the powers conferred upon him by article 46 of the Telecommunications (Regulation) Act (hereinafter referred to as the "Act"), the Minister for Transport and Communications hereby modifies the "Joint Venture and Shareholders Agreement between (1) Telemalta Corporation and (2) Racal Telecom p.l.c." entered into on the 21st July of the year one thousand nine hundred and eighty nine (1989) referred to as the "original agreement" insofar as the said agreement is presently in force with regard to the designated company Maltacom p.l.c. and the designated company Vodafone Malta Limited and which agreement is included in the First Schedule of this instrument, for the purpose of implementing the provisions of the Telecommunications (Regulation) Act by modifying the terms and conditions of the said original agreement to terms and conditions that are in accordance with the provisions and principles of the said Act and by providing for the matters contained in this instrument which the Minister deems appropriate for the purpose of providing for the implementation of the provision of the said Act and in view of the modifications to the licence agreements concerning the activities Vodafone Malta Limited and Maltacom p.l.c. already made on the 19th September, 2000.

The modifications to the original agreement made by virtue of this instrument and the matters provided for in the same shall as from the date of issue of this instrument have full force effect and validity.

The modifications to the original agreement and the matters provided for in this instrument shall be as explained hereunder:

Whereas the National Plan for the Reform of the Telecommunications Sector included in the First Schedule to the Telecommunications (Regulation) Act provides for various measures for the transformation of the telecommunications market in Malta from a market based on exclusive privileges and monopolies to a competitive market.

And whereas the said Plan provides for the following principal measures which are to be taken for the purpose of liberalising the said telecommunications market:

1. All telecommunications services, other than fixed telephony, mobile telephony, international gateway and cable television, will be liberalised from the date when this schedule comes into force.
2. The present monopoly in mobile telephony will end immediately when Maltacom will be licensed to enter the mobile telephony market. No additional mobile licences will be issued during the period ending 31 December 2002. The government will consider the issue of a third operator in 2003 and a third licensee would therefore not be expected to be in place before 1 January 2005.
3. The cable television market is to be liberalised on 1 June 2001.
4. International gateway services, including those for data services, will be liberalised on 1st January, 2003.
5. Fixed telephony services will be liberalised on 1st January 2003².

And whereas the Plan also provides that the following measures are to be taken with regard to the company Vodafone Malta Limited in order to implement this said liberalisation:

"Because of the change in the public mobile operating scenario, Maltacom will be required to dispose of its shares in Vodafone Malta Limited within six months from the date its subsidiary first provides mobile telephony services."

and

"Maltacom will be required to sell its Vodafone shares within six months from the date its subsidiary first provides mobile telephony services. This will bring to an end a very important right which Maltacom enjoys at present to acquire the majority shareholding of the company. It will also terminate the extensive rights which Maltacom as a minority shareholder has with regard to Vodafone's pricing policies and with regard to the running of key aspects of the company's business;"

And whereas Mobisle Communications Limited, a subsidiary of Maltacom p.l.c. has on the 19 September 2000 by virtue of the powers vested in the Minister under article 46 of the Telecommunications (Regulation) Act been granted a licence to operate mobile telecommunications systems and to provide mobile telecommunications services which licence includes amongst its conditions a condition to the effect that "The Telecommunications Regulation Act, all national laws and regulations shall apply to the Licensee for all purposes and form an integral part of this licence except in those cases where the Licensee is specifically exempted".

And whereas the original agreement stipulates a joint venture structure for the company now named Vodafone Malta Limited which joint venture structure including the Maltacom p.l.c. is no longer compatible with the current state of the telecommunications market particularly after the granting of a licence to Mobisle Communications Limited as a subsidiary of Maltacom p.l.c. on the 19th September, 2000.

It is therefore deemed appropriate for the purposes of implementing the liberalisation of the telecommunications market and of implementing the provisions of the Telecommunications (Regulations) Act that the following modification be made to the original agreement and that the following matters be provided for in terms of article 46 of the said Act:

1. No option to increase any shareholding in Vodafone Malta Limited shall continue to have effect upon the coming into force of this Instrument;
2. No procedure to exercise or impliment an option to increase any shareholding in Vodafone Malta Limited commenced before the date of the coming into force of the present instrument and not completed with the transfer or allocation of and payment for the said shareholding on the date of coming into force of this Instrument shall be continued or shall have any effect after the coming into force of this instrument.

A note of the modification made and of the matters provided for by virtue of the present Instrument shall be inserted at the end of the original agreement and shall have full force, effect and validity in respect thereof.

This instrument shall come into force on the 29 November 2000.

Done this 29 day of November of the year two thousand.


Censu Galea
Minister for Transport & Communications

FIRST SCHEDULE