

PRESS RELEASE

1 December 1999

FOR IMMEDIATE RELEASE

Not for release, publication or distribution, in whole or in part, in or into Canada, Australia or Japan. This announcement is not an extension of a tender offer in Canada, Australia or Japan.

NEWTEL AB

Cash Offer

for

ESAT TELECOM GROUP PLC

- The Board of Newtel announces a cash offer for the entire issued and to be issued ordinary share capital of Esat. The Offer will be made by HSBC, AIB Corporate Finance and Wasserstein Perella & Co. on behalf of Newtel Ireland, a wholly owned subsidiary of Newtel.
- The Offer is US\$72 cash for each Esat ADS or US\$36 cash for each Esat Share.
- The Offer:
 - values the entire issued ordinary share capital of Esat at approximately US\$1.59bn;
 - represents a premium of 64 per cent. to the average Esat ADS closing price of US\$43.95 over the last 90 days;
 - represents a premium of 24 per cent. to the Esat ADS closing price of US\$58 on Monday, 29 November 1999, the day before discussions took place between Newtel and Denis O'Brien, Esat's Chairman and Chief Executive Officer, relating to a possible offer for Esat; and
 - represents a premium of 11 per cent. to yesterday's closing price of US\$65.1 per Esat ADS
- Newtel, based in Stockholm, Sweden, is Scandinavia's leading provider of fixed and mobile telephony, internet services and satellite communications. Newtel was formed by the merger of Telia AB and Telenor AS, respectively Sweden's and Norway's principal providers of telecommunications services. The merger became effective in October 1999.

- The Newtel Group had combined sales in excess of US\$9.5bn for the 1998 financial year and has approximately 50,000 employees worldwide.
- Esat, based in Dublin, Ireland, provides business and residential telecommunications and internet services. Esat and Newtel each own 49.5 per cent. of Digifone, one of the two GSM mobile phone operators in Ireland. Esat's consolidated revenues for the year ended 31 December 1998 were €40.1m (US\$40.5m).
- The Irish market is important to Newtel's international strategy. Newtel believes the following would be significant benefits from Esat being part of the Newtel Group:
 - the ownership of Digifone will be simplified, facilitating the development of synergies between fixed and wireless platforms and offerings to serve the voice, data and internet markets;
 - Newtel will be able to exchange technological know-how and expertise with Esat to accelerate the development of both groups; and
 - Esat's improved access to technology and capital will allow it to introduce new products and services more rapidly to Irish business and private consumers than it is able to under its existing ownership structure.
- Yesterday, Newtel had a meeting with Denis O'Brien, Chairman and Chief Executive Officer of Esat, with a view to obtaining support for a recommended offer. However, it was not possible to reach a satisfactory outcome.
- Announcing the Offer, Tormod Hermansen, the Chief Executive Officer and President of Newtel, said:

"The Irish market is an important part of our international strategy and we wish to expand our presence in Ireland. We tried to obtain a recommendation for our offer. As this was not forthcoming, we decided to put our offer directly to shareholders.

As part of the Newtel Group, we believe that Esat would be able to expand more rapidly the range of products and services it offers, to the benefit of Irish consumers."

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The Offer will not be made, directly or indirectly, in or into Canada, Australia or Japan. Accordingly, copies of this announcement are not being and must not be mailed or otherwise distributed or sent in or into Canada, Australia or Japan.

Each of HSBC and Wasserstein Perella & Co., which are regulated in the United Kingdom by the Securities and Futures Authority Limited, and AIB Corporate Finance, which is regulated in Ireland by the Central Bank of Ireland, is acting for Newtel and Newtel Ireland and no one else in connection with the Offer and will not be responsible to anyone other than Newtel and Newtel Ireland for providing the protections afforded to customers of HSBC, Wasserstein Perella & Co. and AIB Corporate Finance respectively or for providing advice in relation to the Offer.

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PART I

1 December 1999

NEWTEL AB

Cash Offer

for

ESAT TELECOM GROUP PLC

1. Introduction

The Board of Newtel announces a cash offer for the entire issued and to be issued ordinary share capital of Esat. The Offer will be made by HSBC, AIB Corporate Finance and Wasserstein Perella & Co. on behalf of Newtel Ireland, a wholly owned subsidiary of Newtel.

The Offer is US\$72 cash for each Esat ADS or US\$36 cash for each Esat Share (equivalent to approximately €36 per Esat Share) and values the entire issued ordinary share capital of Esat at approximately US\$1.59bn (€1.58bn).

2. The Offer

The Offer, which will be subject to the conditions and further terms set out below in Part II and to be set out in the Offer Document, will be made for all of the issued and to be issued ordinary share capital of Esat on the following basis:

for each Esat ADS	US\$72 in cash; or
for each Esat Share	US\$36 in cash

The Offer represents a premium of:

- 64 per cent. to the average Esat ADS closing price of US\$43.95 over the last 90 days;
- 24 per cent. to the Esat ADS closing price of US\$58 on Monday, 29 November 1999, the day before discussions took place between Newtel and

Denis O'Brien, Esat's Chairman and Chief Executive Officer, relating to a possible offer for Esat; and

- 11 per cent. to yesterday's closing price of US\$65.1 per Esat ADS.

3. Information on Newtel and Newtel Ireland

Newtel, based in Stockholm, Sweden, is Scandinavia's leading provider of fixed and mobile telephony, internet services and satellite communications. Newtel was formed by the merger of Telia AB and Telenor AS, respectively Sweden's and Norway's principal providers of telecommunications services. The merger became effective in October 1999. Newtel is 60 per cent. owned by the Kingdom of Sweden and 40 per cent. owned by the Kingdom of Norway. Newtel's shareholders have announced their intention to complete an initial public offering during 2000. The Newtel Group had combined sales in excess of US\$9.5bn for the 1998 financial year and has approximately 50,000 employees worldwide.

Newtel's business strategy is to expand internationally – including in the areas of mobile communications, IP-based services and IP-carrier services – as well as to develop and strengthen further its position in the Nordic markets.

Newtel Ireland is a wholly-owned subsidiary of Newtel.

4. Information on Esat

Esat was formed in May 1996 and comprises: Esat Telecom, which provides voice and broadband services primarily to businesses utilising fibre optic networks; an interest in Digifone, which operates a cellular system in Ireland under a GSM licence to provide digital wireless communications; and a recently acquired internet service provider.

Each of Esat and Newtel own 49.5 per cent. of Digifone, with the remaining 1 per cent. owned by IIU. Digifone commenced GSM cellular services in Ireland in March 1997. By June 1999, Digifone had approximately 367,000 subscribers and operated a network covering 98 per cent. of the Irish population.

For the year ended 31 December 1998, Esat reported audited consolidated revenues of approximately €40.1 million (US\$40.5 million) and an operating loss of approximately €39.6 million (US\$39.9 million). For the nine months to 30 September 1999, Esat reported unaudited consolidated revenues of approximately €60.1 million (US\$60.6 million) and an operating loss of approximately €50.3 million (US\$50.8 million).

5. Background to and reasons for the Offer

Newtel has been present in the Irish market for over three years through its partnership with Esat in Digifone. During this period Digifone has grown to be Ireland's second largest wireless operator.

Newtel also has a 14 per cent. shareholding in Eircom. Newtel announced on 29 November 1999 that it intended to divest this interest.

In November 1999, Esat commenced litigation against Newtel relating to the shareholders' agreement for Digifone. Newtel is defending itself in the litigation.

On 30 November 1999, Newtel met Denis O'Brien in order to discuss the relationship between Newtel and Esat. Newtel reiterated to Mr O'Brien that the Irish market formed an important part of Newtel's international strategy, that it was committed to building its Irish business and that it believed that there would be significant benefits to Esat from being part of the Newtel Group. Newtel proposed to Mr O'Brien that an offer recommended by the Board of Esat would be the best way forward and would be in the interests of Esat and its shareholders. However, it was not possible to reach a satisfactory outcome.

Accordingly, Newtel concluded that shareholders of Esat should have the opportunity to consider the proposal directly.

Benefits to Esat

Newtel believes that the acquisition of Esat would result in the following significant benefits:

- the ownership of Digifone will be simplified, facilitating the development of synergies between fixed and wireless platforms and offerings to serve the voice, data and internet markets;
- Newtel will be able to exchange technological know-how and expertise with Esat to accelerate the development of both groups; and
- it will resolve, for the benefit of all, the relationship between Newtel and Esat.

Benefits to the Irish consumer

Newtel believes that, under its ownership, Esat will be a stronger competitor in the Irish market and that Esat's improved access to technology and capital will allow it to introduce new products and services more rapidly to Irish business and private consumers than it is able to under its existing ownership structure.

Benefits to Esat Shareholders

Newtel's Offer provides Esat Shareholders with an opportunity to realise their investment at a substantial premium.

6. Esat's management and employees

The Board of Newtel Ireland has confirmed that the existing employment rights, including pension rights, of all management and employees of Esat and its subsidiaries, will be fully safeguarded.

7. Financing

Newtel has arranged new debt facilities to finance the Offer.

8. Disclosures of interests in Esat

Neither Newtel nor any of the members of the Board of Newtel nor, so far as Newtel is aware, any party acting in concert with Newtel, owns or controls any Esat Shares or holds any options to purchase Esat Shares or any derivative referenced to securities of Esat. It has not been possible to ascertain holdings of certain parties who may be deemed to be acting in concert with Newtel for the purposes of the Offer in respect of securities of Esat. However, any such holdings will, if appropriate, be disclosed in the Offer Document.

9. Esat Warrants and the Esat Share Option Plan

The Offer will extend to all Esat Shares which are unconditionally allotted or issued (including pursuant to the exercise of existing options granted under the Esat Share Option Plan or the exercise of Esat Warrants) while the Offer remains open for acceptance or before such earlier date as Newtel Ireland may, subject to the Rules and the Exchange Act, decide.

If the Offer becomes or is declared unconditional in all respects, appropriate proposals will be made to holders of Esat Warrants and participants in the Esat Share Option Plan who have not exercised their options.

10. Shareholder documentation

The formal Offer Document, setting out the details of the Offer, is expected to be despatched to holders of Esat Securities as soon as is practicable.

11. Further information

Full acceptance of the Offer, assuming the exercise of all Esat Warrants and Esat Share Option Plan options outstanding, would result in the payment of cash consideration in an aggregate amount of approximately US\$1.71 billion (€1.70 billion).

Part II contains more details regarding conditions and certain further terms of the Offer, which will be set out in the Offer Document, and Part III sets out the sources and bases of calculation for amounts included in this announcement.

The Offer will not be made, directly or indirectly, in or into Canada, Australia or Japan. Accordingly, copies of this announcement are not being and must not be mailed or otherwise distributed or sent in or into Canada, Australia or Japan.

Each of HSBC and Wasserstein Perella & Co. which are regulated in the United Kingdom by the Securities and Futures Authority Limited, and AIB Corporate Finance, which is regulated in Ireland by the Central Bank of Ireland, is acting for Newtel and Newtel Ireland and no one else in connection with the Offer and will not be responsible to anyone other than Newtel and Newtel Ireland for providing the protections afforded to customers of HSBC, Wasserstein Perella & Co. and AIB Corporate Finance respectively or for providing advice in relation to the Offer.

PART II

CONDITIONS AND CERTAIN FURTHER TERMS OF THE OFFER

The Offer will comply with the Rules, the respective rules and regulations of the Irish Stock Exchange, NASDAQ and EASDAQ and with US federal securities laws and the rules and regulations made thereunder (except to the extent that exemption or relief has been granted by the SEC) and the terms and conditions set out below and as set out in the Offer Document (and the accompanying acceptance documents). The Offer will be governed by Irish law and be subject to the non-exclusive jurisdiction of the courts of Ireland.

The Offer will be subject to the following conditions:

- (a) valid acceptances being received (and not, where permitted, withdrawn) by not later than 3.00 p.m. Dublin time or 10.00 a.m. New York City time on the initial closing date (or such later time(s) and/or date(s) as Newtel Ireland may, subject to the Rules and US securities laws, decide) in respect of not less than 80 per cent. (or such lower percentage as Newtel Ireland may decide) in nominal value of the Esat Securities to which the Offer relates, provided that this condition shall not be satisfied unless Newtel Ireland and any other member of the Newtel Group shall have acquired or agreed to acquire (whether pursuant to the Offer or otherwise) Esat Securities carrying in aggregate more than 50 per cent. of the voting rights then exercisable at a general meeting of Esat.

For the purposes of this condition:

- (i) any Esat Securities which have been unconditionally allotted shall be deemed to carry the voting rights they will carry upon their being entered in the register of members of Esat; and
 - (ii) the expression “Esat Securities to which the Offer relates” shall mean (i) Esat Securities issued or allotted on or before the date the Offer is made and (ii) Esat Securities issued or allotted after that date but before the time at which the Offer closes, or such earlier date as Newtel Ireland may, subject to the Rules and US securities laws, decide (not being earlier than the date on which the Offer becomes unconditional or, if later, the initial closing date) but excluding any Esat Securities which are in the beneficial ownership of Newtel Ireland within the meaning of section 204 of the Companies Act, 1963;
- (b) to the extent that the Irish Mergers, Takeovers and Monopolies (Control) Act, 1978 as amended (the “Mergers Act”) is applicable, the Minister for Enterprise, Trade and Employment of Ireland having stated in writing, pursuant to section 7(a) of the Mergers Act, that she does not intend to make an order under section 9 of that Act in relation to the Offer or, in the event of the said Minister making an order under section 9 prohibiting the Offer except on conditions specified in the said order, Newtel Ireland in its absolute discretion having decided to accept such conditions or, in the event of no order under that section being made and the said Minister not stating in writing that she does not intend to make such an order, the relevant period within the meaning of section 6 of that Act having elapsed;
- (c) to the extent that Council Regulation (EEC) No 4064/89, as amended (the “Regulation”) is applicable, the European Commission having taken a decision (without imposing any conditions or obligations that are not satisfactory to Newtel Ireland in its absolute discretion) under Article 6(1)(b) of the Regulation declaring the Offer or its implementation compatible with the common market, or having been deemed to have done so under Article 10(6);

- (d) the consent in terms satisfactory to Newtel Ireland of the Director of Telecommunications Regulation being obtained to the change of shareholding in Esat as required under the telecommunications licences and authorisations held by members of the wider Esat Group (as defined in paragraph (e)(iii) below);
- (e) no central bank, government or governmental, quasi-governmental, supranational, statutory, regulatory or investigative body, including any national anti-trust or merger control authorities, court, tribunal, trade agency, professional association, environmental body or any other person or body whatsoever in any jurisdiction (each a “Third Party”) having decided or being likely to decide to recommend, take, institute or implement any action, proceeding, suit, investigation, enquiry or reference or having made, proposed or enacted any statute, regulation or order or having done or proposed to do anything which would or might:
 - (i) make the Offer or its implementation, or the acquisition or the proposed acquisition by Newtel or any of its subsidiaries or subsidiary undertakings or associated companies (including any joint venture, partnership, firm or company or undertaking in which any member of the Newtel Group (aggregating their interests) is interested) or any company in which any such member has a substantial interest (the “wider Newtel Group”) of any shares in, or control of, Esat, or any of the assets of Esat (including, without limitation, telecommunications licences) void, illegal or unenforceable under the laws of any other jurisdiction, or otherwise, directly or indirectly, restrain, revoke, prohibit, restrict or delay the same or impose additional or different conditions or obligations with respect thereto, or otherwise challenge or interfere therewith;
 - (ii) result in a delay in the ability of Newtel Ireland, or render Newtel Ireland unable, to acquire some or all of the Esat Securities or require a divestiture by any member of the wider Newtel Group of any shares in Esat;
 - (iii) require, prevent or delay the divestiture by any member of the wider Newtel Group or by Esat or any of Esat’s subsidiaries or subsidiary undertakings or associated companies (including any joint venture, partnership, firm or company in which any member of the Esat Group (aggregating their interests) is substantially interested) or any company or undertaking in which any such member has a substantial interest (the “wider Esat Group”) of all or any portion of their respective businesses, assets or property or impose any limitation on the ability of any of them to conduct their respective businesses (or any of them) or own their respective assets or properties or any part thereof;
 - (iv) impose any limitation on or result in a delay in the ability of any member of the wider Newtel Group to acquire, or to hold or to exercise effectively, directly or indirectly, all or any rights of ownership of shares (or the equivalent) in, or to exercise voting or management control over, Esat or (to the extent Esat has such rights) any member of the wider Esat Group or on the ability of any member of the wider Esat Group to hold or exercise effectively, directly or indirectly, rights of ownership of shares (or the equivalent) in, or to exercise rights of control over, any business carried out by a member of the wider Esat Group;
 - (v) require any member of the wider Newtel Group or the wider Esat Group to offer to acquire any shares or other securities (or the equivalent) in, or any interest in any asset owned by, any member of the wider Esat Group owned by any third party;
 - (vi) impose any limitation on the ability of any member of the wider Esat Group or the wider Newtel Group to integrate or co-ordinate its business, or any part of it, with the businesses of any other members of the wider Newtel Group and/or wider Esat Group;

- (vii) result in any member of the wider Esat Group ceasing to be able to carry on business under any name under which it presently does so;
 - (viii) cause any member of the wider Esat Group to cease to be entitled to any Authorisation (as defined in paragraph (f) below) used by it in the carrying on of its business; or
 - (ix) otherwise adversely affect the business, profits, assets, liabilities, financial or trading position or prospects of any member of the wider Newtel Group or any member of the wider Esat Group;
- (f) all necessary notifications and filings having been made in connection with the Offer and the proposed acquisition by Newtel Ireland of the Esat Securities and all necessary waiting and other time periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction having expired, lapsed or having been terminated (as appropriate) and all statutory or regulatory obligations in any jurisdiction having been complied with in connection with the Offer or its implementation and/or the acquisition or proposed acquisition by any member of the wider Newtel Group of any shares or other securities (or the equivalent thereof) in, or control of, Esat or any member of the wider Esat Group or any of the assets of any such member and all authorisations, orders, recognitions, grants, consents, clearances, confirmations, licences, permissions and approvals (“Authorisations”) deemed necessary or appropriate by Newtel Ireland or any member of the wider Newtel Group for or in respect of the Offer or the acquisition or proposed acquisition of any shares or other securities (or the equivalent thereof) in, or control of, Esat by any member of the wider Newtel Group or in relation to the affairs of any member of the wider Esat Group having been obtained on terms and in a form satisfactory to Newtel Ireland from all appropriate Third Parties, all such Authorisations remaining in full force and effect, there being no intimation of an intention to revoke or vary or not to renew the same at the time at which the Offer becomes otherwise unconditional and all necessary statutory or regulatory obligations in any jurisdiction having been complied with;
- (g) all applicable waiting periods and any other time periods during which any Third Party could, in respect of the Offer or the acquisition or proposed acquisition of any shares or other securities (or the equivalent thereof) in, or control of, Esat or any member of the wider Esat Group by any member of the wider Newtel Group, institute, implement or threaten any action, proceedings, suit, investigation, enquiry or reference under the laws of any jurisdiction which would have a reasonable prospect of adversely affecting any member of the wider Esat Group, having expired, lapsed or been terminated;
- (h) there being no provision of any arrangement, agreement, licence or other instrument to which any member of the wider Esat Group is a party or by or to which any such member or any of its respective assets may be bound, entitled or be subject and which, in consequence of the Offer or the acquisition or proposed acquisition by any member of the wider Newtel Group of some or all of the share capital or assets of Esat or any member of the wider Esat Group or because of a change in the control or management of Esat or otherwise, could or might result in:
- (i) any monies borrowed by, or any indebtedness or liability (actual or contingent) of, or any grant available to any member of the wider Esat Group becoming, or becoming capable of being declared, repayable immediately or prior to their or its stated maturity or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited;
 - (ii) the creation or enforcement of any mortgage, charge or other security interest wherever existing or having arisen over the whole or any part of the business, property or assets of any member of the wider Esat Group or any such mortgage, charge or other security interest becoming enforceable;
 - (iii) any such arrangement, agreement, licence, franchise, facility, lease or other instrument or the rights, liabilities, obligations or interests thereunder being terminated or adversely modified or affected or any action being taken or any obligation or liability arising thereunder;

- (iv) any assets or interests of, or any asset the use of which is enjoyed by, any member of the wider Esat Group being or falling to be disposed of or charged, or ceasing to be available to any member of the wider Esat Group or any right arising under which any such asset or interest could be required to be disposed of or charged or could cease to be available to any member of the wider Esat Group otherwise than in the ordinary course of business;
- (v) any member of the wider Esat Group ceasing to be able to carry on business under any name under which it presently does so;
- (vi) the rights, liabilities, obligations or interests of any member of the wider Esat Group under any such arrangement, agreement, licence, franchise, facility, lease or other instrument or in or with any person, firm or body or the business of any member of the wider Esat Group with any person, firm or body (or any arrangement or arrangements relating to any such interest or business) being terminated, or adversely modified or affected;
- (vii) the value of, or financial or trading position or prospects of, any member of the wider Esat Group being prejudiced or adversely affected; or
- (viii) the creation of liabilities (actual or contingent) by any member of the wider Esat Group;

or, if any such provision exists, such provision having been waived, modified or amended on terms satisfactory to Newtel Ireland;

- (i) there being no material adverse change or deterioration in the business, assets, financial trading position or profits or prospects of Esat or any member of the wider Esat Group arising out of or in connection with the advent of the year 2000, including, without limitation, such material adverse change or deterioration arising from any failure of any software, hardware, computer systems or communications systems owned by, licensed to or used by Esat or any member of the wider Esat Group or any third party to be Millennium Compliant as such term is defined in document PD2000-1:1998 issued by the British Standards Institution;
- (j) no member of the wider Esat Group having, since 31 December 1998, being the date to which the last published audited report and accounts of Esat were made up, save as disclosed in such report and accounts or in the publicly available unaudited interim results of the Esat Group for the nine months ended 30 September 1999:
 - (i) issued or agreed to issue, or authorised or proposed the issue of, additional shares of any class, or securities convertible into or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities (save for issues to Esat or wholly-owned subsidiaries of Esat);
 - (ii) recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution other than dividends lawfully paid to another member of the Esat Group;
 - (iii) save for transactions between two or more members of the Esat Group ("intra-Esat Group transactions"), made or authorised or proposed or announced its intention to propose any change in its loan capital;
 - (iv) save for intra-Esat Group transactions, implemented, authorised, proposed or announced its intention to propose any merger, demerger, reconstruction, amalgamation, scheme, commitment or acquisition or disposal of assets or shares (or the equivalent thereof) in any undertaking or undertakings, or entered into or changed or made any offer (which remains open for acceptance) to enter into or change the terms of any contract with any director or senior executive of any member of the wider Esat Group;
 - (v) issued, authorised or proposed, or announced an intention to authorise or propose, the issue of any debentures or (save in the ordinary course of business

and save for intra-Esat Group transactions) incurred any indebtedness or contingent liability;

- (vi) purchased, redeemed or repaid, or announced any proposal to purchase, redeem or repay, any of its own shares or other securities (or the equivalent) or reduced or made any other change to or proposed the reduction, or other change to, any part of its share capital;
- (vii) save for intra-Esat Group transactions, merged with any body corporate, partnership or business or acquired or disposed of, transferred, mortgaged or encumbered any assets or any right, title or interest in any asset (including shares and trade investments and including, without limitation, any shares in Digifone) or authorised, proposed or announced its intention to do so;
- (viii) entered into or varied or authorised, proposed or announced its intention to enter into or vary any contract, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, onerous or unusual nature or magnitude;
- (ix) entered into or varied or authorised, proposed or announced its intention to enter into or vary any contract, transaction or arrangement otherwise than in the ordinary course of business;
- (x) entered into or varied or authorised, proposed or announced its intention to enter into or vary any contract, transaction, arrangement or commitment which would be restrictive on the business of any member of the wider Esat Group or the wider Newtel Group or which could be so restrictive;
- (xi) waived or compromised any claim;
- (xii) been unable, or admitted in writing that it is unable, to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of any business;
- (xiii) save for voluntary solvent liquidations, taken any corporate action or had any legal proceedings instituted or threatened against it in respect of its winding-up, dissolution, examination or reorganisation or for the appointment of a receiver, examiner, administrator, administrative receiver, trustee or similar officer of all or any part of its assets or revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction; or
- (xiv) entered into any agreement or passed any resolution or made any proposal or announcement with respect to, or to effect, any of the transactions, matters or events referred to in this condition (j);

and, for the purpose of paragraphs (ii), (iii), (iv), (v) and (vii) of this condition (j), the term “Esat Group” shall mean Esat and its wholly-owned subsidiaries;

- (k) save as disclosed by Esat in its published audited report and accounts made up to 31 December 1998 or in its publicly available unaudited interim results for the nine months ended 30 September 1999, there not being and since 31 December 1998, there not having arisen:
 - (i) any adverse change or deterioration in the business, assets, financial or trading position or profits or prospects of Esat or any member of the wider Esat Group;
 - (ii) any litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the wider Esat Group is or may become a party (whether as plaintiff or defendant or otherwise) and no investigation by any Third Party against or in respect of any member of the wider Esat Group having been threatened, announced or instituted or remaining outstanding by, against or in respect of any member of the wider Esat Group; and

- (iii) any contingent or other liability having arisen or become apparent to any member of the wider Newtel Group which might reasonably be expected to affect adversely any member of the wider Esat Group;
- (1) no member of the wider Newtel Group having discovered:
- (i) that the financial, business or other information concerning the wider Esat Group which has been disclosed at any time by or on behalf of any member of the wider Esat Group is misleading, contains a misrepresentation of fact or omits to state a fact necessary to make the information contained therein not misleading;
 - (ii) any information which affects (in the context of the Offer) the import of any information disclosed at any time by or on behalf of any member of the wider Esat Group;
 - (iii) that any member of the wider Esat Group or any partnership, company or other entity in which any member of the wider Esat Group has an interest and which is not a subsidiary undertaking of Esat is subject to any liability, contingent or otherwise, which is not disclosed in the published audited report and accounts of Esat for the financial year ended 31 December 1998 or in the publicly available unaudited interim results of Esat for the nine months ended 30 September 1999;
 - (iv) in relation to any release, emission, discharge, disposal or other fact or circumstance which has caused or might impair the environment or harm human health, no past or present member of the wider Esat Group having (A) committed any violation of any laws, statutes, regulations, notices or other legal or regulatory requirements of any Third Party; and/or (B) incurred any liability (whether actual or contingent) to any Third Party;
 - (v) that there is, or is likely to be, any liability, whether actual or contingent, to make good, repair, reinstate or clean up any property now or previously owned, occupied or made use of by any past or present member of the wider Esat Group or any other property or any controlled waters under any environmental legislation, regulation, notice, circular, order or other lawful requirement of any relevant authority (whether by formal notice or order or not) or Third Party or otherwise;
 - (vi) that any arrangement, agreement, licence or other instrument to which any member of the wider Esat Group is a party or by or to which any such member or any of its respective assets may be bound, entitled or be subject (including, without limitation, any telecommunications or communications licences), contains any provision which is of an unusual, abnormal, objectionable or onerous nature; or
 - (vii) that circumstances exist which are likely to result in any actual or contingent liability to any member of the wider Esat Group under any applicable legislation referred to in sub-paragraph (iv) above to impose, or modify existing or install new plant, machinery or equipment or to carry out any changes in the processes currently carried out.

For the purposes of the conditions set out above:

- (i) “initial closing date” means 3.00 p.m. Dublin time or 10.00 a.m. New York City time on the date falling not less than 20 business days after the date of the Offer Document and being the date fixed by Newtel Ireland as the first closing date of the Offer, unless and until Newtel Ireland in its discretion shall have extended the initial

offer period in which case, the term “initial closing date” shall mean the latest time and date at which the initial offer period, as so extended by Newtel Ireland, will expire or, if earlier, the date on which the Offer becomes or is declared wholly unconditional;

- (ii) “initial offer period” means the period from the date of the Offer Document to and including the initial closing date;
- (iii) “parent undertaking”, “subsidiary undertaking”, “associated undertaking” and “undertaking” have the meanings given by the Companies Act, 1963; and
- (iv) “substantial interest” means a direct or indirect interest in 20 per cent. or more of the voting equity capital of an undertaking.

Subject to the requirements of the Panel, Newtel Ireland reserves the right (but shall be under no obligation) to waive, in whole or in part, all or any of the above conditions apart from conditions (a) and (b).

The Offer will lapse unless all of the conditions set out above have been fulfilled or (if capable of waiver) waived or, where appropriate, have been determined by Newtel Ireland to be or to remain satisfied on the later of the initial closing date, the date on which condition (a) is fulfilled or such later date as Newtel Ireland may, with the consent of the Panel and subject to the Exchange Act, decide. Newtel Ireland shall not be obliged to waive (if capable of waiver) or treat as satisfied any condition by a date earlier than the latest day for the fulfillment of all conditions referred to in the previous sentence, notwithstanding that any other condition of the Offer may at such earlier date have been waived or fulfilled or that there are at such earlier dates no circumstances indicating that the relevant condition may not be capable of fulfillment.

Save with the consent of the Panel, the Offer will lapse if the acquisition of Esat is referred to the Irish Competition Authority or if the European Commission initiates proceedings in respect of the Offer under Article 6(1)(c) of Council Regulation (EEC) No 4064/89, as amended, before the initial closing date.

PART III

SOURCES AND BASES OF CALCULATION

- (a) Unless otherwise stated:
 - (i) financial information relating to Esat has been extracted from the most recent Form 20-F filed by Esat with the SEC and/or the published, unaudited results of Esat for the period ended 30 September 1999, and/or other public statements made by Esat; and
 - (ii) financial information relating to Newtel has been extracted from the relevant published, audited annual report and accounts in Swedish Kronor of Telia AB and the relevant published, audited annual report and accounts of Telenor AS in Norwegian Kroner and/or other public statements made by Newtel.
- (b) This press release contains translations of Irish pound, euro, Norwegian Kroner and Swedish Kronor amounts into US dollar amounts made at the rates of US\$1.00=IR£0.7807, US\$1.00=€0.9905, US\$1.00=NOK8.063 and US\$1.00=SEK 8.508. The rates at which Irish pound, euro, Norwegian Kroner and Swedish Kronor amounts have been converted are the mid-points of buying and selling spot rates on 30 November 1999 as quoted by Bloomberg LP.
- (c) The value of the issued ordinary share capital of Esat is based on an issued share capital of 44,180,781 Esat Shares as stated in the prospectus dated 21 October 1999 relating to the €175 million 11% Senior Notes due 2009 issued by Esat.
- (d) The offer premia over the Esat ADS prices on 29 and 30 November 1999 are based on the closing prices per Esat ADS, as quoted by Bloomberg LP. The offer premium over the average Esat ADS closing price over the last 90 days is based on the simple average of such closing prices as quoted by Bloomberg LP over the 90 trading days ended on 30 November 1999, the last business day prior to the date of this announcement.
- (e) The cash consideration payable for Esat in the event of full acceptance of the Offer, assuming the exercise of all Esat Warrants and outstanding options under the Esat Share Option Plan, assumes that 479,785 Esat Shares could be issued on the exercise of the outstanding Esat Warrants and that 2,964,965 options under the Esat Share Option Plan are outstanding.

DEFINITIONS

The following definitions apply throughout this announcement, unless the context requires otherwise:

“AIB Corporate Finance”	AIB Corporate Finance Limited
“Canada”	Canada, its provinces, territories and all areas subject to its jurisdiction and any political sub-division thereof
“Closing Price”	the last reported price of an Esat ADS on NASDAQ
“Digifone”	Esat Digifone Limited
“Esat”	Esat Telecom Group Public Limited Company
“Esat Group”	Esat and its subsidiaries and subsidiary undertakings
“Esat ADRs”	American Depositary Receipts evidencing Esat ADSs
“Esat ADSs”	American Depositary Shares, each representing two Esat Shares, as evidenced by Esat ADRs
“Esat Securities”	Esat Shares and Esat ADSs
“Esat Share Option Plan”	the Esat Share Option Plan
“Esat Shareholders”	The holders of Esat Shares
“Esat Shares”	the existing unconditionally allotted or issued and fully paid ordinary shares of IR£0.01 each in the capital of Esat and any further such shares which may be issued or unconditionally allotted prior to the date on which the Offer closes or, subject to the provisions of the Rules, by such earlier date as Newtel Ireland may decide
"Esat Warrants"	Warrants (originally attached to Esat's 12½% Senior Deferred Coupon Notes 2007) to subscribe for up to 479,785 Esat Shares at IR£0.01 per share
“Exchange Act”	the US Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder
“HSBC”	HSBC Investment Bank plc
“IIU”	IIU Nominees Limited, a company controlled by Mr Dermot Desmond
"Newtel"	Newtel AB
“Newtel Group”	Newtel and its subsidiaries and subsidiary undertakings
"Newtel Ireland"	AB Grundstenen No. 85820, a wholly-owned subsidiary of Newtel (in the course of changing its name to Newtel Ireland AB)
“Offer”	The cash offer to be made on behalf of Newtel Ireland to acquire the Esat Securities and, where the context so requires, any subsequent revision, variation, extension or renewal of such offer
“Offer Document”	The formal document containing the Offer together with related acceptance documents

“Panel”	The Irish Takeover Panel established under the Irish Takeover Panel Act, 1997
“Rules”	the Irish Takeover Panel Act, 1997 Takeover Rules and Substantial Acquisition Rules
“SEC”	the US Securities and Exchange Commission
“US” or “United States”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
“Wasserstein Perella & Co.”	in relation to the Offer to the extent it is being made in the United States, Wasserstein Perella & Co., Inc. or, in any other case, Wasserstein Perella & Co. Limited