

25 September 2008

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Dear Emma,

UNDERTAKINGS OF 22 SEPTEMBER 2005 GIVEN TO OFCOM PURSUANT TO THE ENTERPRISE ACT 2002 – “the Undertakings” – Notification pursuant to paragraph 3 (a) of the exemptions and agreement wording relating to Short Haul Data Services (SHDS) as set out in Annex 3 of Ofcom’s statement of 3 October 2007

On 28 September 2007, Ofcom agreed to BT’s request for an exemption from the EOI requirement in relation to AS inputs into the installed retail Short Haul Data Services circuit base migrated to extra long variants of AS Wholesale Extension Service, AS Backhaul Extension Service or the AS Wholesale End-to-End Ethernet Service products (as appropriate) as published in Annex 3 of Ofcom’s statement of 3 October 2007 (“SHDS Exemption”)¹. It was agreed that the SHDS Exemption would last for up to two years but that it would become permanent, unless Ofcom notified BT otherwise within one year of the agreement taking effect (i.e., by 27 September 2008).

The reason for this one year notification period, as set out in the explanatory statement accompanying the SHDS Exemption, was to give Ofcom the opportunity to review the distance limits applied to Ethernet products in the light of its Business Connectivity Market Review (“BCMR”). Since the BCMR has yet to be concluded, it is necessary for Ofcom to reserve its position in relation to the distance limits to be applied to Ethernet products.

Therefore, Ofcom serves notice to BT that the SHDS Exemption shall not become permanent as of 27 September 2008 but that its duration will be reviewed by BT and Ofcom following the conclusion of the BCMR.

1

http://www.ofcom.org.uk/telecoms/btundertakings/exemptionsandvariations/part4/undertakings_p4.pdf

Words and expressions in this notification shall have the meaning assigned to them in the Undertakings.

We intend to publish this notification on our website.

Yours sincerely,

M. Gibbs

Marina Gibbs