Corporate Governance Committee
Attn. The Secretary
P.O. Box 20201
2500 EE Den Haag

Amsterdam, 5 September 2003

Re: Draft Dutch Corporate Governance Code

Dear Sir,

As a Euronext Amsterdam listed company since 1999, Versatel Telecom International N.V. feels compelled to respond to your draft Dutch Corporate Governance Code (the "Code").

I General comments

In principle, we support the Code. As a company with a former Nasdaq listing, we have had to comply with strict SEC regulations in the past, which were always more far-reaching than the Dutch rules. In addition, we have prided ourselves on being a shareholder-focused company. Therefore, we have always had a strong focus on corporate governance and a more progressive disclosure policy than the average Dutch company. An example is our leadership position in giving shareholders control over employee stock options. We were the first Dutch company to adopt (in 2000) the policy to ask shareholder approval for employee stock option plans. We also would like to note that we already comply with more than 90% of the draft resolutions that are mentioned in the Code and did so long before corporate governance became a high profile agenda item for the markets.

However, we believe that the Code has a number of negative parts that we feel compelled to highlight. In this respect, we also wish to refer you to the VEUO's general and specific comments on your Code. While we intend to make our specific comments clear in this letter, we also, in general, support the VEUO's comments and efforts in regards to the Code.

We believe that the Code is far too detailed and oversteps the boundaries necessary to enforce good corporate governance, which makes full compliance an out of scale burden for all companies. This is even more the case for mid- and small cap companies, where the additional management time and advisors fees associated with proper execution of the Code, will have a larger impact. The option of "explain instead of comply" with regards to the most damaging principles has yet unclear consequences and the risk of public accusation of bad governance will undoubtedly have a larger impact on mid- and small cap companies. It is a risk to which Versatel does not wish to be exposed.

In addition, we wish to highlight that the Code will probably have a negative effect on our economic environment from an international competition point of view, since it will make listing in The Netherlands and domiciling a public company here extremely cost prohibitive and inflexible from a management point of view. We cannot see that the Committee envisioned such side-effect while drafting the Code. And since the Code deviates to a rather large extend from the German and British Code, we believe that it will also interfere with the realisation of a future European Code, which is clearly an important agenda item of the European Union.

Versatel Telecom International N.V.
Hullenbergweg 101 | P.O. Box 22697 | T +31 (0)20 750 10 00 | www.versatel.com
1101 CL Amsterdam Z-O | 1100 DD Amsterdam Z-O | F +31 (0)20 750 10 01 | Chamber of Commerce Amsterdam 33272606
The Netherlands | The Netherlands | E info@versatel.com

A further general remark is that we believe it is unrealistic to adopt the Code as of 1 January 2004, but to make it applicable on the financial year 2003 already. We simply cannot adhere to a Code with retro-active effect. Therefore, we do not see any added value to this approach and can only judge it as unreasonable. As history has proven with other initiatives, an appropriate transitional regime will have to become part of the Code in order to avoid confusion and potential chaos during implementation.

II Specific comments

We wish to comment on a number of specific principles of your Code, about which we have particular concerns.

MANAGEMENT BOARD

I.1 Function and procedure

I.1.1. We acknowledge that a limitation of the term of a management board membership may at times have a positive effect. However, we believe that by regulating a limited term, the flexibility of a company becomes too limited. If providing additional review mechanisms is background to this proposal, we believe that there are already sufficient other such mechanisms in your Code. Both the remuneration committee and the supervisory board review the management board's performance on at least an annual basis. The supervisory board is appointed by the shareholders and so, indirectly, the shareholders have a say in the supervisory board's review of the management board. A 'once-every-4-year-shareholder-momentum' for approval or disapproval of the management board would in our opinion not be an improvement to the current practice in which the shareholders can dismiss a management board member at any time. There is also a momentum risk: should the management board be put up for re-appointment and should the company be subject to bad publicity at that very moment, the management board may have to settle that bill by not being re-appointed by the shareholders.

I.1.8. We believe that it is the responsibility of the management board to make the proper judgement whether or not there is sufficient time for and if so, for how many supervisory board memberships. The supervisory board supervises this, since any such membership requires their approval up front.
We do believe that any potential conflict of interest from supervisory board memberships should be avoided and we refer to the provisions in the section on the supervisory board.

I.2. Remuneration

I.2.1. We see options as an important incentive for the management board. The incentive and performance targets should however be set/incorporated in the strike price and not in making the options conditional. By setting a certain strike price, the management board is incentivised to perform in such a manner that the share price shall exceed the strike price. And the option program itself should be made subject to shareholder approval, as is already practice within Versatel.

I.2.3. We believe that this proposal may entice management board members to leave the company when it performs well. This can not be the intention of your Committee.

I.2.4. Again, we believe that options should be seen as an incentive and not as a bonus. Please also see our comments under I.2.1.

I.2.5. We do not support this provision, because we believe that individual terms of option plans should not be regulated, as it limits the flexibility of a company. In

principle, we consider seven years an appropriate term for any option plan, but there may be reasons why a longer term would be better. Further, the term of a specific option program should be made subject to shareholders approval anyway.

I.2.8. This proposal is in our opinion an out of scale limitation to the position of a management board member. We believe that this limitation will also hinder the attraction of new management, in particular from an international perspective. The provision may imply that a management board membership generally conflicts with investments in other than company shares, something that we do not believe. In general we note that conflicts of interest are governed by insider trading rules. Furthermore, we believe that the transfer of the securities portfolio to an independent third party is not principally supported by the AFM.

I.2.9. We believe that maximising the variable remuneration component at 50% of the total remuneration will lead to an increase in fixed remuneration demands. Recruiting new management will surely become more difficult also, which gives a wrong signal, in particular from an international competition point of view.

I.2.10. In our opinion, there should be a balance between the reasons for termination and the compensation for termination. This should not be fixed in a code but considered prudently on a case by case basis, whereby a judge will have the last word.

I.2.12.-I.2.17. We consider publication of the remuneration of the management board a sign of good corporate governance, as well as openness about the remuneration policy itself. Submitting the remuneration policy to the general meeting of shareholders for approval, is in our opinion however too far-reaching. We believe this is and should remain a task of the supervisory board.

SUPERVISORY BOARD

II.2 Expertise & composition

II.2.5. We do not disagree to this proposal, but wish to point out the importance of a smooth transition regime, to avoid that all supervisory board members are up for resignation at the same time. The by-laws of Versatel's supervisory board already contain such a provision.

II.3 Role of the chairman of the supervisory board and the company secretary

II.3.2. We believe that formalisation of the role of the company secretary is out of scale, in particular for mid- and small cap companies, and does not fit in the Dutch Civil Code, where it would be more appropriate if the company secretary would be appointed by the management board. Therefore we do not support the regulation (by law) of the role of the company secretary.

II.4 Composition and role of three key committees in the supervisory board

II.4.12. We fail to see the logic to this proposal unless the following wording is added: "… on which this member of the management board is a member of the supervisory board."

II.5. Independence

II.5.2.b& c. We fully agree to the necessity of an independent supervisory board. We wish to highlight two particular restrictions from your code, under b and c. As for b, in principle we do not object to a supervisory board member receiving personal financial compensation for tasks performed outside his duty as supervisory board member, provided there is no conflict of interest and there is full disclosure. Versatel has always taken that as such into account (i.e. avoiding conflict of interest and full disclosure). As for c, regarding any important business

relationship of the past three years as conflicting to the independence requirements, is too black and white in our opinion. We believe that the existence of any such relationship should be disclosed to the general meeting of shareholders in accordance with article 2:142 paragraph 3 BW. It is then up to the shareholders to make a proper judgement of the prior business relationships.

II.6 Conflicts of interests

II.6.7. We support this proposal, provided the following wording is added: “temporarily” between “shall” and “resign”.

II.7 Remuneration

II.7.2 & 3. We subscribe to your general principle on supervisory board remuneration, but wish to highlight two particular provisions in this part of your code, under 2 and 3, that raise our concern. As for 2, it is unclear to us what you define as “long-term investments”. Prohibition of any sale while being on the supervisory board of a company is in our opinion redundant. And we believe the restriction under 3 to be an unnecessary limitation for supervisory board members, more in particular from an international competition point of view. In general, as under I.2.8., we note that conflicts of interest are governed by insider trading rules. Also as mentioned under I.2.8., we believe that the AFM does not principally support the transfer of the securities portfolio to an independent third party.

SHAREHOLDERS & GENERAL MEETING OF SHAREHOLDERS

III.1. Powers

III.1.3. We do not disagree to this proposal in principal, but believe that the use of the words “.. that are so far-reaching” leave room for a discussion on what exactly “far-reaching” is. Any such discussion should be avoided and in general, any proposal should be in line with the actual legislation on this subject. Further, we believe that if an acquisition or disposition is not “ so far reaching” the supervisory board is the right body to give up-front approval to acquisitions and/or dispositions. The shareholders have appointed the supervisory board members and as such have an annual opportunity to judge upon their performance of duties. We believe the thresholds proposed are not the best measurements in this matter.

III.1.4. We believe that this proposal causes out of scale hinder to any such process. We further note that legislation is already in place concerning private bids.

III.3 Voting in absentia

III.3.1 & 2. In principle, we agree to this proposal. In fact we have already highlighted this at our shareholders meetings and made the required amendment to our articles of association allowing proxy voting. However, we believe that in the current system the cost level will have to come down sizeably because it is an enormous cost burden to any company, more in particular to mid- and small cap companies.

III.4. Provision of information to shareholders

III.4.1. In principle, we agree to this proposal as far as it concerns quarterly earnings. We have always announced such earnings in advance and made them publicly available. However, as far as it concerns one-on-one analyst meetings, we disagree to this proposal. It becomes logistically impossible to announce such meetings in advance and to make all such meetings publicly available. We understand the background of this provision being that information should be made publicly available to everyone at the same level of disclosure. We believe that it is the responsibility of management though to ensure that no information goes to any limited audience only. This responsibility is also regulated by law.

AUDIT OF THE FINANCIAL REPORTING AND THE POSITION OF THE EXTERNAL AUDITOR

IV.I Financial reporting

IV.2.1. It is the responsibility of management in the first place, to question the external auditor about his findings and about his fairness opinion. Next to that, the external auditor reports to the audit committee on a quarterly basis, which committee has appointed the external auditor from the company's side. Furthermore, the supervisory board can question the external auditor at the supervisory board meeting in which the annual accounts are discussed. This provision may give the impression that new information may come up at the shareholders meeting. Should that be the case, then there is a fundamental malfunctioning of not only the external auditor, but more over of management, the audit committee and the supervisory board, at which this provision is of no help.

III Conclusion

With this letter, Versatel aims to provide a constructive contribution to the Draft Dutch Corporate Governance Code. We trust that you will regard our contribution serious. Should you have any questions, we are more than happy to provide explanation.

It may be clear to you that Versatel considers good corporate governance an important principle of any company.

Yours sincerely,
Versatel Telecom International N.V.

Raj M. Raithatha
CEO and Managing Director

Jan A. van Berne
General Counsel