

GOVERNMENT TELECOMMUNICATIONS ACCOMMODATION AGREEMENT

SECTION 1

THE PARTIES

This is an agreement made on this 19th day of September, 2005 by and between the **Government of Belize** (including its ministries, departments, and political subdivisions) acting through its authorized representative the Honorable Said Musa, Prime Minister and Minister of Finance (hereinafter referred to as the "Government") and **Belize Telecommunications Limited**, a public company duly incorporated under the laws of Belize with its principal offices situated at the Esquivel Telecom Center, St. Thomas Street, Belize City, Belize (hereinafter referred to as "BTL").

SECTION 2

DESCRIPTION

In order to better accommodate the Government's telecommunications needs and other requirements, BTL has agreed to acquire certain properties from the Government, and in consideration for the acquisition of these properties and this accommodation, the Government has agreed to afford BTL the benefits, covenants and undertakings contained in this Agreement.

SECTION 3

DEFINITIONS

As used in this Agreement, the following definitions shall apply to the capitalized words as follows:

- 3.1 **₡** shall mean the lawful money of Belize.

3.2 Force Majeure shall mean, with respect to any party, any event or condition that is beyond its reasonable control, or which it could not reasonably have foreseen or otherwise prevented and shall include, subject to the foregoing, without limitation, insurrection, war or other armed conflict, floods, earthquakes, hurricanes and other natural disasters, acts of God or other public enemy, fire, strikes, walkouts, and other labour difficulties, whether or not the affected party is in a position to accede to the demands arising in connection therewith, embargos, acts of civil or military authorities and failures of suppliers to deliver, except, that the acts of the Government of Belize taken in its sovereign capacity shall not be an act of force majeure excusing the performance of the Government.

3.3 Government shall mean the sovereign and duly constituted Government of Belize, including its ministries, departments, political subdivisions, and appointees of Her Majesty.

There are one or more terms defined within this Agreement in Sections other than this Section 3.

SECTION 4 AGREEMENT

BTL hereby agrees to acquire from the Government certain properties more fully described in Schedule 1. hereto (the "Properties") and in the manner provided for in Section 5 of this Agreement, in order to better accommodate the Government's telecommunications needs and other requirements (the "Accommodation"), and in consideration for the acquisition by BTL of the Properties and the Accommodation, the Government hereby grants and affords to BTL the benefits, covenants and undertakings provided for herein, the receipt and sufficiency of which are acknowledged by both parties.

obligations, any material indenture, mortgage, trust deed, bond or other instrument or agreement to which it is bound, or any award, order, judgment, regulation, injunction, resolution, determination or other ruling of any court or governmental authority, agency or instrumentality which is binding on it; (d) do not constitute or result in (even if notice is given, time elapses or both) a default, event of default or event of acceleration under any contract which is binding on or affecting it;

- (ii) it has taken all action required by law, regulation, or policy required to authorize the execution, delivery and performance of this Agreement, and this Agreement is a valid and binding agreement of the Government in accordance with its terms.
- (iii) the undersigned party executing this Agreement on behalf of the Government has been duly authorized to execute this Agreement.
- (iv) it is not in violation or breach of, or in default under, any law, rule or regulation, any duty or obligation, or any indenture, mortgage, trust deed or other instrument or agreement to which it is bound, so as to materially and adversely affect in any of the foregoing instances, its ability to perform its obligations hereunder; and, as of the date of this Agreement, there is no pending or, to its knowledge, threatened action or proceeding affecting it before any court, governmental agency or arbitrator which may materially and adversely affect its assets, financial condition, affairs or its ability to either execute, deliver or perform (or the ability of the BTL to enforce) this Agreement;
- (v) its obligations hereunder are direct, unconditional and general obligations;

SECTION 5

SALE AND PURCHASE OF PROPERTIES

- 5.1 The Government wishes to sell the Properties to BTL and BTL wishes to purchase the Properties from the Government for a total consideration of \$19,200,000 (the "Property Consideration") and the Government hereby warrants and guarantees to BTL that on completion of the sale and purchase of the Properties to BTL ("Completion"), BTL will obtain good and clear title in fee simple to the Properties free and clear of all liens, charges and encumbrances.
- 5.2 The Government shall deliver to BTL no later than two weeks prior to Completion proof of good and clear title to the Properties in a form and manner acceptable to BTL.
- 5.3 The Government shall on Completion deliver to BTL duly completed conveyances or instruments of transfer to the Properties in a form acceptable to BTL together with the deeds, land certificates or other title documents relating to the Properties and such further documents and other assurances sufficient to enable BTL to its satisfaction to be registered and recorded with absolute title to the Properties free and clear of all liens, charges and encumbrances.
- 5.4 On Completion, BTL shall satisfy the payment of the Property Consideration to the Government by the execution and delivery by BTL to the Government of a loan note in the form set out in Schedule 3. (Form of Loan Note) hereto, for the full amount of the Property Consideration.
- 5.5 Completion shall take place at the Central Bank in Belize City on a date to be agreed by the parties but no later than December 31, 2005.

- 5.6 All stamp duty and registration, recording and filing fees payable on the conveyance or transfer of the Properties to BTL shall be for the account of the Government.

SECTION 6

GOVERNMENT COVENANTS AND UNDERTAKINGS

- 6.1 In consideration for the acquisition of the Properties by BTL and the Accommodation, the Government covenants and undertakes as follows:

- (i) Authority, Permits and Licenses – to take all necessary steps to procure to the satisfaction of BTL that: (a) within 90 days of the date of the execution of this Agreement no persons other than BTL and Speednet Communications Limited (“Speednet”) will hold an Individual License (within the meaning of the Telecommunications (Licensing Classification, Authorization and Fee Structure) Regulations 2002 (the “Regulations”)) granted pursuant to the Belize Telecommunications Act, 2002; (b) no persons other than BTL, Speednet, and those persons who hold Class Licenses issued pursuant to the Regulations, have or will have or be granted any authority, permit or license in Belize to legally carry on, conduct or participate in the telecommunication business, or provide any telecommunication services; (c) no person other than BTL and Speednet have or will have or be granted any authority, permit or license in Belize to legally carry on, conduct, or provide telecommunication services involving or allowing the provision or transport of voice services, and (d) no holder of any Class License has or will have or be granted any authority, permit or license in Belize to legally carry on, conduct, or provide telecommunications services involving or allowing the provision or transport of voice services.

- (ii) Return on Capital Investment – to take all necessary steps to procure to the satisfaction of BTL that with effect from June 30, 2005 and going forward, BTL is able to charge to its subscribers and customers rates and charges which enable BTL to fully achieve the Minimum Rate of Return (“MROR”) as provided for and calculated in accordance with Schedule 2. (Rate of Return: Determination).
- (iii) Management Services – in the event that BTL engages any company to render any management services, to take all necessary steps to procure that BTL is able to pay to them fees and foreign currency in such amounts as the Board of Directors of BTL shall approve and to procure that the repatriation of such fees and foreign currency and the receipt of such fees and foreign currency by any manager are not subject to currency restrictions, withholding taxes or other similar taxation by the Government, but subject to any applicable business tax.
- (iv) Foreign Exchange Controls - to permit BTL without restriction, to make payments in foreign currency to international correspondents; creditors of BTL of debt denominated in foreign currency; suppliers of imported supplies of equipment, materials and services used and needed by BTL’s operations, and to any Belizean or foreign entity or person by way of dividends declared on BTL shareholdings or other sums due from BTL.
- (v) Tax. – to procure that the payment and repatriation of BTL dividends to any person, and the payment of interest on debt denominated in foreign currency by BTL, is not subject to withholding tax or any other tax of any other kind or character.

- (vi) Offshore Accounts – to permit and not restrict BTL’s ability to maintain financial accounts offshore (including in countries other than Belize).

- (vii) Disposition of the Interconnectivity and Infrastructure Sharing Issues – to take all necessary steps to procure that in the event BTL is required to provide interconnection services to, or to share infrastructure with, any person other than Speednet, any interconnectivity and/or infrastructure sharing between BTL and such person is achieved in such a manner that charges for BTL’s interconnection services and/or infrastructure facilities reflect BTL’s costs based upon a total system costs allocation (including indirect and common costs) and will include a return on capital employed after tax of 15% per annum.

- (viii) Shareholder and Employee Suits – to procure that the Belize Social Security Board withdraws Case No. 557/2002 against BTL.

- (ix) Foreign Nationals – in the event that BTL is of the opinion that it is not able to find the appropriate personnel in Belize, to procure the grant of all necessary visas and work permits to enable BTL to employ foreign nationals in Belize (including the grant of visas to their family members) to carry on BTL activities and to enable foreign nationals to serve as directors of BTL. This paragraph shall apply whether such visas and work permits are permanent or temporary in nature.

- (x) Non-Renewal of Individual License – in the event that the Government and the Public Utilities Commission do not renew BTL’s Individual License upon the expiration of its term, to

acquire all the assets and rights of BTL for their fair market value using a valuation as if the license had been renewed (on the same terms and conditions) and BTL remained as a going concern. If the Government and BTL can not agree upon the valuation, then they agree to enter into binding arbitration pursuant to the provisions of this Agreement. Notwithstanding anything herein to the contrary, if the prospective renewal of the license is not upon terms and conditions acceptable to BTL, then BTL shall be entitled to the same treatment as if the license had not been renewed.

- (xi) No changes to terms of Individual License-- to take all necessary steps to procure that no changes are made to the terms of BTL's Individual License without the prior written agreement of BTL.
- (xii) No undermining of material guarantee-- to take all necessary steps to procure that the Public Utilities Commission does not undermine any guarantee, undertaking, covenant or assurance given by the Government to BTL in this Agreement.

SECTION 7

GOVERNMENT REPRESENTATIONS AND WARRANTIES

7.1 The Government represents and warrants that:

- (i) the execution, delivery and performance of this Agreement: (a) are its legal, valid and binding obligation, enforceable against it by BTL in accordance with its terms, and that it has all powers, authorities, consents and approvals necessary to enter into this Agreement; (b) have been duly ratified by all necessary constitutional and legal action; (c) do not contravene the constitution of Belize or any law, rule, regulation, treaty, regulated practice, procedure or internal policy or any of its duties or

- (vi) it will cooperate in all respects to the end that all matters and transactions contemplated by this Agreement will be consummated; and
- (vii) to the best of the Government's knowledge, all of the representations of the Government contained in Section 7 of this Agreement are true and correct.

SECTION 8

BTL REPRESENTATIONS AND WARRANTIES

8.1 BTL represents and warrants:

- (i) it is a public limited company duly established and incorporated, validly existing and in good standing under the laws in operation in Belize;
- (ii) it has taken all action required by law required to authorize the execution and delivery of this Agreement, and this Agreement is a valid and binding Agreement of BTL in accordance with its articles of incorporation and governing instruments;
- (iii) the undersigned party executing this Agreement on behalf of BTL has been duly authorized by the Board of Directors of BTL to execute this Agreement;
- (iv) it has the requisite human resources and capital and ability to raise financing to perform all of its obligations and undertakings required by this Agreement, and

- (v) it is not bankrupt, has not been and is not subject to any insolvency proceedings, nor has it filed for nor is it in any other way involved in any proceedings for re-organization of the company or in any similar proceedings which would affect BTL's capacity to assume the obligations under this Agreement or its ability to perform its obligations hereunder.

SECTION 9

CONDITIONS PRECEDENT TO OBLIGATION OF BTL

The obligations of BTL under this Agreement are subject to the satisfaction at or before Completion of all of the following conditions:

- 9.1 Accuracy of Representations and Warranties – The representations and warranties of the Government contained in this Agreement shall be true in every material respect on and as of the Completion, with the same effect as though such representations and warranties had been made on and as of such date.
- 9.2 Performance of Agreements – The Government shall have performed all obligations and agreements required to be performed by it and complied with all terms and conditions required to be complied with by it, hereunder, on or prior to the Completion except to the extent attributable to obligations, agreements and actions imposed on the Government hereunder post Completion.
- 9.3 Cancellation of Individual License – The receipt by BTL of written confirmation from the Government in a form acceptable to BTL that the Public Utilities Commission has written to International Telecommunications Limited (“Intelco”) cancelling all telecommunications licenses held by Intelco including the Individual

License dated December 30, 2002, with all such cancellations to take effect within 90 days of the date of the execution of this Agreement.

SECTION 10

CONDITIONS PRECEDENT TO OBLIGATION OF THE GOVERNMENT

The obligations of the Government under this Agreement are subject to the satisfaction at or before Completion of all of the following conditions:

- 10.1 Accuracy of Representations and Warranties - The representations and warranties of BTL contained in this Agreement shall be true in every material respect on and as of Completion with the same effect as though such representations and warranties had been made on and as of such date.
- 10.2 Performance of Agreements – BTL shall have performed all obligations and agreements required to be performed by it and complied with all terms and conditions required to be complied with by it, hereunder, on or prior to Completion except to the extent attributable to obligations, agreements and actions imposed on the Government hereunder post Completion.

SECTION 11

POST COMPLETION OBLIGATIONS AND OTHER OBLIGATIONS

- 11.1 The Government shall procure that the post Completion obligations set out in Section 11.3 (the “GOB Post Closing Obligations”) are fully met to the satisfaction of BTL.
- 11.2 BTL shall be entitled to waive the GOB Post Closing Obligations (or any part of the same) or to extend any time line for their satisfaction, by notice in writing to the Government.

11.3 The GOB Post Closing Obligations are as follows:

- (i) the Government undertakes to procure that for the duration of BTL's Individual License or for a minimum term of 15 years, which ever is the longer period:
 - (a) Voice Over Internet – (a) no Class License holder is able to use or permit the use of “voice over internet” for any telecommunications traffic originating or terminating within Belize; (b) no user or customer of a Class License holder is able to make use of “voice over internet” services, and (c) any user or customer of an Individual License holder is only able to make use of “voice over internet” services with the written approval of the Individual License holder concerned.
 - (b) No Competing Individual License Holder Other than Speednet – Other than the Individual License held by Speednet, BTL shall be the sole Individual Licensee for the the duration of its license or for a minimum term of 15 years, which ever is the longer period.
 - (c) Rate Setting – For the purpose of agreeing to rates or setting rates: (i) a cost based approach shall be adopted by BTL and the Public Utilities Commission which fully utilizes all charges (including all taxes) incurred by BTL, projected on a forward looking basis plus a profit mark-up, and (ii) no rate setting proceeding shall be permitted that has the effect of suspending BTL requested rates for more than six (6) months.

- (d) No Duty to Share Facilities or Infrastructures Other than with Speednet – BTL shall have no duty or obligation to share facilities or infrastructure other than with Speednet.
- (e) Rate of Return: Methodology – the methodology to determine BTL's rate of return shall be in accordance with Schedule 2 (Rate of Return: Determination).
- (f) Business Tax – the tax treatment of BTL shall be no less favorable than that afforded to other telecommunication licensees in Belize. To enable telecommunications service providers to lower the rates to their subscribers the Government undertakes by no later than April 1, 2008 to adjust the rate of the Business Tax applicable to telecommunications services so that the amount of the Business Tax payable does not exceed the amount of income tax otherwise payable by them.
- (g) Import Duties – BTL and its subsidiaries shall be exempt from any tax, duty, levy or impost upon goods, materials, equipment and machinery of every type or description imported for their own use. No exemption shall be granted for goods imported for immediate (within 6 months) resale as new goods in the normal course of business to third parties.
- (h) Resale Of Services – BTL is able to restrict the resale of its services in accordance with Section 25 of the Belize Telecommunications Act 2002 (including any obligation to

provide indirect access to BTL's telecommunications network) but shall be obligated to provide interconnection services to Speednet.

(i) Service Provision – BTL shall not be under any obligation to provide any service within any defined timescale, other than as is commercially agreed between BTL and its customers.

(ii) Recognition of Properties – the Government undertakes to procure the receipt by BTL within 2 weeks of the date of Completion of written confirmation in a form acceptable to BTL that all Properties acquired by BTL hereunder will be recognized by the Government and the Public Utilities Commission as constituting part of the “Rate Base” for the purposes of the rate of return determinations set out in Schedule 2 hereto.

11.4 In the event that BTL fails to achieve, in any given financial year during the duration of BTL's Individual License, an Achieved Rate of Return (as defined Schedule 2. hereto) greater than or equal to the Minimum Rate of Return (as defined in Schedule 2. hereto), then the Government hereby irrevocably undertakes to monetarily compensate BTL to the full extent of any shortfall in Earnings (as defined in Schedule 2 hereto), so that the Achieved Rate of Return is equal to the Minimum Rate of Return in the financial year under consideration. Any shortfall shall be demonstrated by reference to BTL's group audited accounts for the relevant financial year and a capital rate of return statement to be prepared by BTL in accordance with its normal accounting procedures and the terms of this Agreement (the “Capital Rate of Return Statement”). The Government shall be informed by BTL of the amount of any such shortfall (the “Shortfall Amount”) and provided by BTL with a copy of the group audited accounts

together with the Capital Rate of Return Statement for the relevant financial year no later than 6 months following the end of BTL's financial year (the "Delivery Date"). The Government agrees to pay BTL the Shortfall Amount in full no later than 3 months following the Delivery Date (the "Deadline Date"). The Government further agrees that should the Shortfall Amount not have been paid to BTL in full by the Deadline Date then any unpaid amount shall bear interest at the base rate as quoted by The Belize Bank Limited from time to time plus 1½ % per annum which shall accrue from the Deadline Date up to and including the date of payment in full to BTL of such unpaid amount and all such outstanding interest. In the event that payment to BTL of a Shortfall Amount (including all accrued interest) has not been made in full by the third anniversary of the Deadline Date then such unpaid amount may be set-off by BTL against the amount of any taxes (including Business Tax, Sales Tax or other similar taxes) payable by BTL to the Government.

- 11.5 Subject to the recommendation of the Board of Directors of BTL (the "Board") and the approval of the majority of the "B" and "C" ordinary shareholders of BTL (together the "Majority Shareholders"), and within three months of a written request being made by BTL to the Government, the Government shall take all necessary steps to enact legislation in Belize (in a form and by a manner and means acceptable to BTL) transferring and vesting the undertakings of BTL including, the assets, liabilities, rights, obligations, property, files and documentation of BTL, in a new company (incorporated under the Companies Act, Chapter 250 of the Laws of Belize) on such terms and conditions as are approved by the Board and the Majority Shareholders.

SECTION 12

FORCE MAJEURE

- 12.1 Liability in the event of Force Majeure - No party shall be held liable or deemed to be in default under this Agreement for any failure to perform obligations and duties hereunder if such failure has resulted directly or indirectly from Force Majeure, provided that the party had taken all precautions to minimize the consequences of the Force Majeure. Acts of the Government taken in its Sovereign capacity are not acts of Force Majeure excusing the obligation or performance by the Government.
- 12.2 Notice of Force Majeure – In the event of Force Majeure, the party so claiming shall notify the other party in writing of the circumstances and the parties shall meet forthwith to determine the action to be taken.
- 12.3 Extension of Time for Force Majeure – Any period during which the event of Force Majeure continues shall be added to the time allowed to any party to perform the obligation presented by the event of Force Majeure.

SECTION 13

INDEMNITY

- 13.1 Indemnity by Government – The Government agrees to hold BTL and its directors, officers, employees and agents, harmless from and against all judgments, damages, losses, claims, liens, penalties, obligations, liabilities, settlements and expenses, including reasonable attorney's fees, arising out of –
- (a) any breach of any contractual provisions or covenant or any inaccurate or erroneous representations of the Government

contained herein, in any schedule attached hereto or in any agreement or other instrument duly executed and delivered by the Government pursuant to this Agreement;

- (b) any failure of the Government to perform or comply with any provision, obligation or duty contained in this Agreement and required to be performed or complied with by the Government;
- (c) any contractual arrangement or agreement which in any way, direct or indirect, increases the operating costs, capital costs or other costs of property, plant and equipment by and between BTL, on one hand, and on the other, Belize Telecom Limited, Innovative Communications Corporation, Innovative Communication Company, LLC ("ICC"), an ICC subsidiary or affiliate (interpreted in the broadest terms) or any person or entity including relatives affiliated in any way with any person in the management or in the ownership of ICC or any affiliated entity of Belize Telecom Limited or ICC in its management and ownership;

13.2 Indemnity by BTL - BTL agrees to hold Government and its officers, employees and agents harmless from and against all judgments, damages, losses, claims, liens, penalties, obligations, liabilities, settlements and expenses, including reasonable attorney's fees, arising out of -

- (a) any breach of any contractual provisions or covenant or any inaccurate or erroneous representations of BTL contained herein, and in any schedule attached hereto or in any agreement or other instrument duly executed and delivered by BTL pursuant to this agreement; and

- (b) any failure of BTL to perform or comply with any provision obligation or duty contained in this agreement and required to be performed or complied with by BTL.

13.3 Making of Claims – All claims under this Agreement shall be made in writing within the time specified in Section 14 hereof.

SECTION 14

SURVIVAL OF AGREEMENT TERMS

- 14.1 Representations and Warranties – The representations and warranties which are included herein or in any schedule attached hereto, agreement or other instrument duly executed and delivered pursuant to this Agreement, and the remedies which are provided for herein to the extent that they relate to the said representations and warranties, shall survive Completion.
- 14.2 Covenants and Certain Other Provisions – Any covenant or other provision of this Agreement which by its nature and content is applicable to the operation of BTL, including legislative and regulatory matters shall be effective and survive Completion, and shall be binding on the parties for a period equal to the term of the Individual License granted to BTL by the Public Utilities Commission dated December 23, 2002, or any renewals thereof, granted in respect of such operations plus two (2) years.
- 14.3 Other Provisions – Any provision of this Agreement not included in Subsections 14.1 and 14.2 of this Section shall survive Completion, and shall be binding on the parties, for a three (3) year period after Completion.

SECTION 15

GOVERNING LAW; ARBITRATION, WAIVER OF SOVEREIGN IMMUNITY

- 15.1 This agreement is governed by and shall be construed in accordance with Belize law.
- 15.2 Any dispute arising out of or in connection with this Agreement including any question regarding its existence, validity or termination, which cannot be resolved amicably between the parties shall be referred to and finally resolved by arbitration under the London Court of International Arbitration (LCIA) Rules which Rules are deemed to be incorporated by reference under this Section. There shall be 3 arbitrators.
- 15.3 The arbitral proceedings shall be conducted in the English language.
- 15.4 The seat or legal place of the arbitral proceedings shall be London, England.
- 15.5 The Government irrevocably and unconditionally:
- (i) agrees that if BTL brings proceedings against it or its assets in relation to this Agreement no immunity from such legal proceedings (which will be deemed to include without limitation, suit, attachment prior to judgment, other attachment, the obtaining of judgment, execution or other enforcement) will be claimed by or on behalf of itself or with respect to its assets;
 - (ii) waives any such right of immunity which it or its assets now has or may in the future acquire;

- (iii) consents generally in respect of any such proceedings to the giving of any relief or the issue of any process in connection with such proceedings including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any award, order or judgment which may be made or given in arbitration proceedings or related enforcement proceedings.

SECTION 16

WAIVERS

16.1 Extension of Time and Waivers – Any party to whom any obligation is due under this Agreement may by written notice to the party from whom performance of the obligation is due –

- (a) extend the time for the performance of any of the obligations or the taking of other action under this Agreement;
- (b) waive inaccuracies in the representations and warranties of the other contained in this agreement or in any schedule hereto;
- (c) waive compliance with any of the covenants or conditions contained in this Agreement; or
- (d) waive or modify performance of any of the obligations under this Agreement.

Except as provided in the preceding sentence, no action taken pursuant to this Agreement, including, but without any limitation, any investigation by or on behalf of any party, shall be deemed to constitute a waiver, by the party taking such action, or compliance with, or performance of, any

representations, warranties, covenants, conditions or obligations contained in or under this Agreement.

- 16.2 Waiver of Breach Not to Extend to Subsequent Breach – Any waiver by a party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach.

SECTION 17

EFFECT OF HEADINGS

The headings of the various Sections and paragraphs herein are inserted merely as a matter of convenience and for reference and any such heading shall not be construed as in any manner defining, limiting, or describing the scope or intent of the particular Section or paragraph to which it refers, or as affecting the meaning or construction of the language in the body thereof.

SECTION 18

NOTICES

All notices which are required or may be given pursuant to this agreement shall be in writing and shall be sufficient in all respects if delivered in person or mailed by registered, certified or express mail, postage prepaid, as follows:

To the Government:

Honorable Francis Fonseca
Attorney General
Attorney General's Ministry
New Administration Building
Belmopan,
Belize

To BTL:

Mr. Keith Arnold

Chairman
Belize Telecommunications Limited
Esquivel Telecoms Center
St. Thomas Street
Belize City
Belize

or at such other address as either of the above parties shall have designated by notice in writing to the other party.

SECTION 19

ASSIGNMENT AND SUCCESSION

BTL shall have the right by notice to the Government, to assign all of BTL's rights and delegate all of BTL's duties under this Agreement. In the event of such assignment, all references to BTL in the Agreement thereafter shall mean such assignee, and upon assumption by the assignee, the assignor BTL shall have no further liability under this Agreement; provided, the assignee may only be a new subsidiary of BTL, or some other company within BTL's corporate group or under the control of BTL.

SECTION 20

GENERAL PROVISIONS

20.1 Severability, Construction. The invalidity of any provision of this Agreement as determined at the time of arbitration, or by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof, so long as the original purpose of the Agreement is not substantially frustrated by reason of this severance of such provision. This Agreement shall be construed in accordance with the general tenor of the language in order to give it business effect and to achieve an equitable result. The reference to any schedule in this Agreement, unless the context clearly indicates otherwise, shall be deemed to be a reference to the corresponding schedule attached to this Agreement, if any, which shall

be deemed to be incorporated by reference into this Agreement as if set out in its entirety.

20.2 Entire Agreement. The parties confirm that this is the entire agreement between them with respect to the subject matter hereof. No party shall be bound by any terms, conditions, statements, or representations, oral or written, not contained herein. It is mutually understood and specifically agreed that this Agreement is binding upon the parties, their respective successors, and assigns.

20.3 Changes. No modification of this Agreement shall be valid or binding unless such modification is in writing, duly dated and signed by both parties to this Agreement.

SECTION 21

GENERAL DUTY OF CONFIDENTIALITY

The parties hereby agree that the terms of this Agreement and all information gathered to comply with the terms and conditions of this agreement, shall be and remain confidential to the parties, their financiers, and any other persons agreed by the parties in writing. Neither party shall disclose this Agreement or its contents to any unauthorized third party without the written consent of the other. The parties further state that the information gathered during the compliance process shall be considered proprietary information, except to the extent that such information has been disclosed by public or semi public documents of the parties.

All confidential matters or matters comprising of proprietary information may only be disclosed by the parties to their agents and representatives, including financiers; and it shall be the express duty of each party to obtain such secrecy or confidentiality agreements as may be necessary to preserve the confidences, secrets, and proprietary information of BTL, the Government or their respective successors and assigns.

Executed on behalf of the Government of Belize this 19th day of Sept,
2005 at Belmopan, Belize:

For the Government of Belize

By: Said Musa
Honorable Said Musa, Prime Minister and
Minister of Finance

Executed on behalf of Belize Telecommunications Limited, a Belize Company,
this 19th day of September, 2005 at Belize City, Belize.

Belize Telecommunications Limited,
A Belize Company

By: Keith Arnold
Keith Arnold, Chairman

SCHEDULE 1.

PROPERTIES

1. **First Boom Junction Property:** All that piece or parcel of land situate at the junction of the Boom Road and the Northern Highway, Belize District, comprising 14.47 acres and being more particularly delineated by the Minister's Fiat Plan No. 90 of 1981 held by Transfer Certificate of Title recorded in the Land Titles Register in Volume 34 at Folio 85.
2. **Santa Cruz Property:** All that piece or parcel of land containing 22.872 acres situate near Mile 14.5 opposite the Boom Cut Off Road, Belize District, the said land being the subject of Minister's Fiat (Grant) No 360 of 1996 and bounded and described as shown by Plan No:360 of 1996 held by Deed of Conveyance dated 28th July 2000, recorded in Deeds Book Volume 45 of 2000 at folios 927 to 936.
3. **Second Boom Junction Property:** All that piece or parcel of land situate near the junction of the Northern Highway and Boom Road, Belize District, comprising 4186.29 s.y. and being a portion of the land described in T.C.T. Volume 26 Folio 125 and which said lot is numbered 9B on a Sub-division Plan made by H.D. Flowers, Licenced Land Surveyor and dated 15th August 1995, and is lodged at the Lands and Survey Department in Belmopan in Register No.2 Entry No. 2444 held by Transfer Certificate of Title dated 10th August 2000 recorded in volume 37 at folio 49.
4. **San Ignacio Property:** All those lots pieces or parcels of land upon which telecommunications towers and other telecommunications equipment is situate as of the date of this Agreement together with all perimeter land surrounding such telecommunications equipment (including that contained within all existing security fencing) (together the "Compound") and all land comprised in all access roads to the Compound, located in San Ignacio Town, Cayo District in Lots Numbered 76 and 77, as shown on a Plan dated 12th August, 1991 by Rolando A Rosada, Licensed Land Surveyor and registered at the Lands and Surveys Department in Belmopan in Register 12 Entry No. 1275. Together with all buildings and erections standing and being thereon held by Deed of Conveyance dated 11th May 2001 recorded in Deeds Book Volume 20 of 2001 at folios 719-728.

SCHEDULE 2.

RATE OF RETURN: DETERMINATION

For the purposes of this Agreement between the Government of Belize and BTL, the parties agree that this Schedule 2 and the Agreement records their mutual understanding and agreement as to the formula, methodology, definitions and prescribed meanings to be used in relation to the calculation of the Achieved Rate of Return and the Minimum Rate of Return.

Achieved Rate of Return

The Achieved Rate of Return ("AROR") for each financial year of BTL shall be calculated according to the method set out below:

AROR shall mean the percentage achieved by dividing earnings after tax and interest received ("Numerator") by book equity plus long term debt ("Denominator") (as recorded in the consolidated audited group accounts of BTL for the financial year under consideration) and then expressing the product in hundredths.

The Numerator (also referred to in this Schedule and the Agreement as "Earnings") shall be calculated by adding together:

- a. Operating Income after deducting all taxes, plus
- b. interest income,

as drawn from the consolidated audited group accounts of BTL for the year under consideration.

The Denominator (also referred to in this Schedule and the Agreement as the "Rate Base"), shall be calculated by adding together:

- a. total shareholders' equity (including capital and revenue reserves), plus
- b. long term debt, plus
- c. current portion of long-term debt,

as drawn from the closing balances of the consolidated audited group accounts of BTL for the financial year under consideration.

"Operating Income" means all revenue earned by BTL net of all charges levied against revenue by BTL, including, but not limited to, all operational and other charges such as staff costs; travel costs; distribution costs; corporate management costs; professional fees (including legal, accounting and technical fees); sales and marketing expenses; depreciation and amortization charges; licence and frequency fees; bad debt charges, provisions and write-offs; asset write-offs; currency exchange charges; bank charges; interest charges on short term debt; cost of sales, and interconnection fees.

Minimum Rate of Return

The Minimum Rate of Return (MROR) per annum is 15%. This is the agreed minimum rate of return that BTL must achieve in each financial year. The consequential value to be obtained by BTL in applying the MROR in each financial year under consideration is the sum achieved by multiplying the MROR against the Rate Base in the given financial year.

Acquired Assets and Payments Incurred

For the avoidance of doubt, any assets acquired and payments incurred by BTL in the performance of this Agreement, or in subsequent financial years through the normal course of business, shall be included as part of the "Rate Base", for the purposes of calculating the monetary value of the AROR and MROR.

TERMS AND CONDITIONS

This Note is issued by the Company in registered form pursuant to a resolution passed by the Board of Directors of the Company.

1. INTEREST

- (a) The principal sum of the Note will bear interest from and including the date of issue of this Note (as set out on page 1 above). Interest shall accrue daily on the principal sum and will be payable quarterly in arrears on the last business day of each quarter (each an "interest payment date"), the first interest payment date being [date] in respect of interest for the period from and including [date] to and including that date.

The period beginning on [date] and ending on the first interest payment date and each successive period beginning on an interest payment date and ending on the next succeeding interest payment date is hereafter called an "interest period".

- (b) Interest due on or before repayment of the Note will be paid in accordance with the provisions of Condition 6 below to the Holder on the relevant interest payment date.
- (c) Interest will cease to accrue on the Note (or, in the case of partial repayment, on the amount to be repaid) on the due date for repayment thereof unless, upon such due date, payment of the principal amount due to be repaid by the Company is withheld or refused. In such event, interest will continue to accrue (after as well as before any judgment) up to but excluding the date on which payment in full of the principal amount due to be repaid by the Company is made.
- (d) The rate of interest payable in respect of the Note will be 6.188 per cent. per annum.
- (e) Calculation of the interest amount will be done on the basis of a 365-day year and the number of days elapsed in the relevant interest period.

2. REPAYMENT

- (a) The payment of principal in respect of the Note will be made against presentation of the Note at the Company's registered office located at the Esquivel Telecom Center, Belize City, Belize. This Note will be repaid quarterly in arrears and no later than [date], 2013 (unless previously repaid under the provisions set out below) by the Company to the Holder in accordance with Condition 6 below.
- (b) The Company may at any time in its absolute discretion by notice in writing to the Holder repay all or any part of the principal sum of the Note (together with accrued interest). Upon receipt of such notice the Holder shall deliver the Note to the Company.

- (c) On any repayment whereby the whole of the principal amount of the Note or the then outstanding balance thereof shall be repaid the Company shall cancel the Note. On any partial repayment hereunder (other than a partial repayment whereby the then outstanding balance of the principal amount of the Note is repaid) the Company shall make an entry in the Register to record the part of the principal sum then repaid and shall endorse the Note with a note of such entry.

3. EVENTS OF DEFAULT

- (a) If any of the events set out in paragraph (b) below (an "Event of Default") occurs, all principal of this Note and all interest then accrued shall be immediately due and payable (without service of any Notice). The overdue sum shall bear interest at the base rate as quoted by The Belize Bank Limited from time to time plus [number] percentage points per annum, which shall accrue from the date of such default up to and including the date of payment in full of such overdue sum and all such outstanding interest.
- (b) The events referred to in paragraph (a) above are as follows:
- (i) payment of any amount due from the Company under this Note is not made on or within 14 days of its due date; or
 - (ii) an order is made or an effective resolution of the Company is passed for the winding up or dissolution of the Company or the Company goes into liquidation; or
 - (iii) proceedings are initiated against the Company under any bankruptcy or insolvency law of any competent jurisdiction and the proceedings have not been discharged or stayed within a period of 30 days after the Company first becomes aware of them and they are not contested by the Company in good faith.

4. TRANSFER

The Company may not transfer any of its obligations under this Note. The Holder may transfer its rights evidenced by this Note free from any claims or defenses, which the Company may have against such Holder. In the event of any transfer by the Holder, the Holder shall surrender to the Company at its registered office this Note together with a transfer (in the form set out in this Note) duly executed by the transferor and the confirmation of the transferee endorsed on the transfer duly executed by the transferee and the Company shall register the transfer and shall deliver this Note to the transferee.

5. REGISTER

So long as this Note is outstanding, the Company will at all times keep at its registered office a register (the "Register") specifying the amount and date of issue of this Note and the name and address of the Holder and all transfers and changes of ownership of this Note.

6. PAYMENTS

All payments under this Note shall be made in full quarterly installments of BZ\$[INSERT AMOUNT] without regard to any equities between the Company and the Holder or to any right of set-off, or counterclaim in any suit or action for the collection of any sum due to the Holder under this Note. All payments will be made in Belize dollars without deduction or withholding for or on account of any present or future taxes, duties or other charges levied or imposed on this Note or the proceeds or the Holder by the Government of the Belize or any taxing authority.

7. NOTICES

Any notice or other communication to or upon either the Company or the Holder of this Note must be in writing and may be delivered or sent by prepaid mail and shall be addressed in the case of the Company to it at Esquivel Telecoms Center, St. Thomas Street, Belize City, Belize marked for the attention of [INSERT NAME AND POST OF COMPANY OFFICER], and in the case of the Holder to it at its address appearing in the Register.

8. GOVERNING LAW

This Note shall be governed by and construed in accordance with the laws of Belize.

FORM OF TRANSFER

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers to

(PLEASE PRINT OR TYPEWRITE THE NAME AND ADDRESSES OF THE TRANSFEREE)

this Note, and all rights under this Note

[to be executed as a deed by the Transferor]

Dated:

In consideration of the Transferor transferring this Note to the Transferee THE TRANSFEREE confirms to the Company and the Holder that it will be bound by the terms and conditions of this Note.

[To be executed as a deed by the Transferee]

Dated:

THIS DOCUMENT IS EXECUTED AS A DEED and is made on November 21, 2005.

BETWEEN:

- (1) **GOVERNMENT OF BELIZE** (including its ministries, departments, and political subdivisions) acting through its authorized representative, the Honourable Said Musa, Prime Minister and Minister of Finance (hereinafter referred to as the "Government"); and
- (2) **BELIZE TELECOMMUNICATIONS LIMITED**, a public company duly incorporated under the laws of Belize with its principal offices situated at the Esquivel Telecom Center, St. Thomas Street, Belize City, Belize (hereinafter referred to as "BTL").

BACKGROUND:

- (A) The Government and BTL entered into the Government Telecommunications Accommodations Agreement on September 19, 2005 (the "Original Agreement"), whereby in order to better accommodate the Government's telecommunications needs and other requirements, BTL agreed to acquire certain properties from the Government, and in consideration for the acquisition of these properties and this accommodation, the Government agreed to afford BTL the benefits, covenants and undertakings contained in the Original Agreement.
- (B) The Government and BTL wish to set out herein certain provisions in relation to completion of the Original Agreement and certain amendments to the Original Agreement as set out herein.

IT IS AGREED as follows:

1. INTERPRETATION

- 1.1 Capitalised terms used in this deed and not defined herein shall bear the same meaning as in the Original Agreement.
- 1.2 The headings in this deed do not affect its interpretation.

2. COMPLETION

- 2.1 Completion of the Original Agreement shall take place at the location specified in Section 5.5 of the Original Agreement on November 21, 2005, immediately following the execution of this deed.
- 2.2 On Completion, save with respect to the San Ignacio Property and the Replacement Property (as described in Section 4.2 herein), the Government shall comply with the provisions of Section 5.3 of the Original Agreement and deliver

to BTL duly executed conveyances or instruments of transfer to the Properties which shall enable BTL to its satisfaction to be registered and recorded with absolute title to the Properties free and clear of all liens, charges and encumbrances at the land registry in Belmopan, Belize no later than December 31, 2005.

- 2.3 On Completion, BTL shall comply with the provisions of Section 5.4 of the Original Agreement and deliver to the Government the duly executed loan note in the form set out in Schedule 3 to the Original Agreement save that the loan note shall be amended to take effect from the date upon which all executed conveyances, instruments of transfer, leases and easements to the Properties to be delivered to BTL pursuant to this deed and the Original Agreement, are registered and recorded to the satisfaction of BTL at the land registry in Belmopan, Belize.
- 2.4 The Government shall deliver to BTL no later than March 31, 2006 a duly executed lease and easements to the San Ignacio Property and duly executed conveyances or instruments of transfer to the Replacement Property, in a form acceptable to BTL, and in accordance with this deed and the Original Agreement, together with the deeds, land certificates or other title documents relating to the Replacement Property and such further documents and other assurances sufficient to enable BTL to its satisfaction to be registered and recorded with absolute title to the Replacement Property and leasehold title and easements to the San Ignacio Property in accordance with section 4.2 herein, free and clear of all liens, charges and encumbrances.

3. UNDERTAKINGS OF THE GOVERNMENT

From the date of this deed until the date of the registration and recording of the Properties in the name of BTL at the land registry in Belmopan, Belize, in accordance with this deed and the Original Agreement, the Government undertakes: (i) not to transfer, charge, pledge, or exercise any rights attaching to the Properties, (ii) not to grant any option over the Properties; (iii) not to dispose of any of the Properties; (iv) save for the San Ignacio Property, not to take any action which undermines, affects or interferes with the right of BTL to enjoy absolute title to the Properties free and clear of all liens, charges and encumbrances, and (v) not to take any action which undermines, affects or interferes with the right of BTL to enjoy good and clear leasehold title to the San Ignacio Property free and clear of all liens, charges and encumbrances and to enjoy good and valid easements to the San Ignacio Property.

4. SURVIVAL OF THE ORIGINAL AGREEMENT

- 4.1 Section 20.2 of the Original Agreement shall be amended such that the Original Agreement, the documents referred to in the Original Agreement, this deed and the documents referred to herein shall constitute the whole agreement between the parties.

4.2 Paragraph 4. ("San Ignacio Property") of Schedule 1 of the Original Agreement shall be deleted in its entirety and replaced by the following paragraphs:

- "4. **San Ignacio Property:** A 99 year lease at a rent of BZ\$1.00 per annum, over all that parcel of land upon which a telecommunications tower is situate as of the date of this deed together with all perimeter land surrounding such telecommunications tower within all existing security fencing (the "Compound") together with an easement over all land comprised in all access roads to the Compound, located in San Ignacio Town, Cayo District in Lots Numbered 76 and 77, as shown on a Plan dated 12th August, 1991 by Rolando A. Rosado, Licensed Land Surveyor and registered at the Lands and Surveys Department in Belmopan in Register 12 Entry No.1275, together with all buildings and erections thereon and being held by Deed of Conveyance dated 11th May 2001 recorded in Deeds Book Volume 20 of 2001 at folios 719-728.
- "5. **Replacement Property:** All those lots pieces or parcels of land comprised in land to be identified by BTL and agreed between BTL and the Minister of Natural Resources as a replacement for the land described in the original Paragraph 4 of Schedule 1. of the Original Agreement, such land to be of a similar market value in Belize to that described in the original Paragraph 4."

4.3 Section 5.1 of the Original Agreement is amended as follows:

The wording therein:

"and the Government hereby warrants and guarantees to BTL that on completion of the sale and purchase of the Properties to BTL ("Completion"), BTL will obtain good and clear title in fee simple to the Properties free and clear of all liens, charges and encumbrances."

is deleted in its entirety and replaced by the following words:

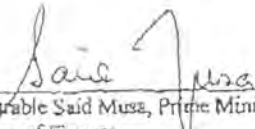
"and the Government hereby warrants and guarantees to BTL: (i) that save for the San Ignacio Property (as described in Section 4.2 in this deed), upon the registration and recording of the duly executed conveyances or instruments of transfer to the Properties in the name of BTL at the land registry in Belmopan, Belize, in accordance with this deed and the Original Agreement, BTL will obtain good and clear title in fee simple to the Properties free and clear of all liens, charges and encumbrances, and (ii) that upon registration and recording of the duly executed lease and easements to the San Ignacio Property in accordance with this deed and the Original Agreement, BTL will obtain good and clear leasehold title to the San Ignacio Property free and clear of all liens, charges and encumbrances, and good and valid easements to the San Ignacio Property."

- 4.4 Section 5.2 of the Original Agreement is deleted in its entirety.
- 4.5 Section 5.6 of the Original Agreement is hereby extended to cover all duties and fees payable on the registration, recording and filing of the lease and easements to the San Ignacio Property.
- 4.6 For the avoidance of doubt, save as amended by this deed, all provisions of the Original Agreement and the Schedules thereto shall remain in full force and effect.

IN WITNESS whereof this amendment deed has been executed on the date first above written.


Executed as a deed on behalf of the Government of Belize this 21st day of November, 2005 at Belize City, Belize:

For the Government of Belize

By: 
Honourable Said Musa, Prime Minister and
Minister of Finance.

Executed as a deed on behalf of Belize Telecommunications Limited this 21st day of November, 2005 at Belize City, Belize:

Belize Telecommunications Limited

By: 
Keith Arnold, Chairman

SETTLEMENT IN RELATION TO GOVERNMENT
TELECOMMUNICATIONS ACCOMMODATION AGREEMENT
DATED 19 SEPTEMBER 2005 (AS AMENDED ON 21 NOVEMBER
2005)

GOVERNMENT OF BELIZE

AND

BELIZE TELECOMMUNICATIONS LIMITED

15 December 2006

THIS SETTLEMENT DEED IS DATED 15 DECEMBER 2006

AND MADE BETWEEN:

- (1) **THE GOVERNMENT OF BELIZE** (including its ministries, departments, and political subdivisions) acting through its authorized representative, the Honourable Said Musa, Prime Minister and Minister of Finance (hereinafter referred to as the "Government") whose office is at New Administration Building, Belmopan, Cayo, Belize, Central America; and
- (2) **BELIZE TELECOMMUNICATIONS LIMITED**, a public company duly incorporated under the laws of Belize with its principal offices situated at the Esquivel Telecom Center, St Thomas, Belize City, Belize (herein referred to as "BTL").

WHEREAS:

- (A) On 19 September 2005 the Government and BTL entered into the Government Telecommunications Accommodation Agreement (the "**Original Agreement**").
- (B) On 21 November 2005 the Government and BTL entered into a deed which set out certain provisions in relation to completion of the Original Agreement and certain amendments to the Original Agreement (the "**First Amendment Deed**").
- (C) A dispute has arisen between the Government and BTL in relation to the interpretation of certain provisions of the Original Agreement and the breach by the Government of certain obligations under the Original Agreement.

IN SETTLEMENT OF THIS DISPUTE IT IS AGREED:

1. **CONSTRUCTION**

- 1.1 Unless expressly defined in this deed or the contrary intention appears, capitalised terms defined in the Original Agreement and the First Amendment Deed shall have the same meanings in this deed. References to the Original Agreement are to that agreement as amended by the First Amendment Deed.

2. **RETURN ON CAPITAL INVESTMENT**

- 2.1 BTL achieved less than the Minimum Rate of Return in the financial year ended 31 March 2006 and pursuant to clause 11.4 of the Original Agreement, BTL formally notified the Government of the Shortfall Amount of BZ\$7,075,000 and provided the Government with a Capital Rate of Return Statement setting out the basis for calculation of the Shortfall Amount. Full payment of the Shortfall Amount is due and payable on 18 December 2006.
- 2.2 Notwithstanding clause 2.1 herein, the Government hereby agrees to pay BTL the Shortfall Amount no later than October 31, 2007. The Government further agrees that in the event that payment of the Shortfall Amount has not been made by the Government to BTL in full by this date in accordance with the Original Agreement then such unpaid amount may be set-off by BTL against the amount of any taxes or any other payments or obligations due and payable by BTL to the Government.
- 2.3 The Government agrees that the methodology, bases and principles adopted in preparation of the Capital Rate of Return Statement dated 18 September 2006, appended to this deed at Appendix A, shall constitute the agreed methodology bases and principles for the preparation of any future Shortfall Amount under clause 11.4 of the Original Agreement.

3 TAXATION ISSUES

- 3.1 The Government agrees that it will confirm to the Income and Business Tax Department BTL's exemption in relation to withholding tax (as provided for in clause 6.1 (v) of the Original Agreement) and provide BTL with a copy of this confirmation within 90 days of the date of this deed.
- 3.2 The Government agrees that it will confirm to the relevant fiscal departments that all goods, material, equipment and machinery imported for BTL's own use (whether before or after the date of this deed) are free from import duties and General Sales Tax and provide BTL with a copy of this confirmation within 90 days of the date of this deed.
- 3.3 The Government agrees to reimburse BTL the sum of BZ\$1,169,373.70 within 90 days of the date of this deed for taxation paid on goods, material, equipment and machinery imported for BTL's own use since 19 September 2005. The Government further agrees that in the event that it fails to reimburse BTL for this sum in full by this date then such unpaid amount may be set-off by BTL against the amount of any taxes or any other payments or obligations due and payable by BTL to the Government.
- 3.4 The Government hereby confirms for clarity and for the avoidance of doubt that the tax treatment of BTL shall be no less favourable than that afforded to other telecommunication licensees in Belize. The Government acknowledges that internet services provided by Class Licensees are currently taxed at 1.75%, whereas BTL is obligated to pay 19% in tax on its internet services, and agrees to procure to BTL's satisfaction that the disparity between the tax treatment of Class Licensees and BTL is rectified by 31 March, 2007 so that BTL is taxed on its internet services at the same rate as that at which the Class Licensees are currently taxed and, on such rectification, BTL shall waive its entitlement to be reimbursed for the difference in the amount paid in tax pursuant to the unequal terms of its licence between 19 September 2005 (the date of the Original Agreement) and 31 March 2007.
- 3.5 The parties hereby agree that clause 11.3(f) of the Original Agreement shall be amended as follows:
- "Business Tax – the tax treatment of BTL shall be no less favourable than that afforded to other telecommunication licensees in Belize. To enable telecommunications services providers to lower the rates to their subscribers the Government undertakes by no later than April 1, 2008 to adjust with immediate legal effect and force the rate of Business Tax applicable to telecommunications services so that the amount of Business Tax payable by BTL does not exceed the amount of Income Tax that would be paid by BTL if it was assessed for Income Tax by applying an Income Tax rate for companies at 25% (companies being persons other than employed persons for the purposes of the Income and Business Tax Act)."

4. PUBLIC UTILITIES COMMISSION

- 4.1 The Government hereby irrevocably confirms that it has procured the Public Utilities Commission (the PUC) to give effect to its obligations under the Original Agreement and in this regard has issued a directive to the PUC to comply with the Government's obligations under the Original Agreement as a matter of Government policy (including in respect of any proposals for future legislation).
- 4.2 The Government hereby agrees to procure that the PUC do not give effect to the VOIP Regulatory Policy and Framework Guidelines issued by the PUC on 23 June 2006 (the VOIP Guidelines).

4.3 The Government agrees to procure within 90 days of this deed, evidence of the formal amendment to BTL's Individual Licence permitting it to restrict the resale of its service in accordance with clause 11.3(i)(h) of the Original Agreement.

5. OTHER ISSUES

5.1 The Government agrees within 90 days of this deed, to procure that the Belize Social Security Board withdraws Case No: 557/2002 against BTL and shall provide evidence of such withdrawal to BTL as soon as practicable thereafter.

5.2 BTL hereby waives its right under clause 13.1 (c) of the Original Agreement to an indemnity from the Government in respect of:

(a) a default judgment against Belize Telecom for the sum of BZ\$ 14,325,004 (with interest at 6% per annum from 20 July 2006 until payment with costs taxed and allowed at \$105,487.50); and

(b) the amount of BZ\$1,668,093.18 owed to BTL for operating the assets of International Telecommunications Limited for the period from September 2004 to December 2005.

5.3 The Government undertakes to procure to the satisfaction of BTL, that in the interest of consumers and competition, no utility service provider in the water or electricity industries (or any associated, affiliated or related company or entity thereof), provides telecommunications services including voice, data and internet services which compete against BTL in respect of the telecommunications activities carried out by BTL.

5.4 The Government hereby irrevocably confirms that for the duration of BTL's Individual License or for a minimum term of 15 years from the date of the Original Agreement, whichever is the longer period, BTL is not obliged to provide interconnection for voice services from its network with any VOIP service provider licensed in Belize or otherwise.

5.5 The Master Agreement between BTL and the Government dated 6 July 2005 is hereby amended in accordance with the terms of a letter agreement dated 5 December 2006 from BTL to the Government, which was executed by the Government on the date of this deed (attached hereto at Appendix B).

6. EFFECT OF AMENDMENTS

6.1 This deed is supplemental to the Original Agreement and the First Amendment Deed and from the date of this deed, the Original Agreement and the First Amendment Deed shall be read and construed as amended by this deed and references in the Original Agreement and the First Amendment Deed to "this deed" shall be construed as references to the Original Agreement and the First Amendment Deed as amended by this deed.

6.2 The parties agree that the obligations and liabilities under the Original Agreement and the First Amendment Deed that are not specifically amended by this deed continue in full force and effect.

7. GENERAL

7.1 The parties agree that clauses 12 to 21 of the Original Agreement shall be deemed to be incorporated into this deed as though they were expressly set out herein.

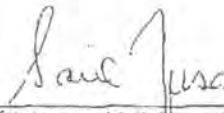
7.2 Each party shall bear its own costs in connection with the negotiation, execution and implementation of this deed.

- 7.3 This deed shall be binding on the parties, their successors and assigns and the name of a party appearing herein shall be deemed to include the names of any such successor or assign.
- 7.4 This deed may be executed in any number of counterparts, all of which, taken together, shall constitute one and the same agreement and any parties may enter into this deed by executing a counterpart.

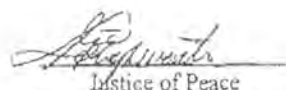
IN WITNESS whereof this deed has been executed on the date first above written.

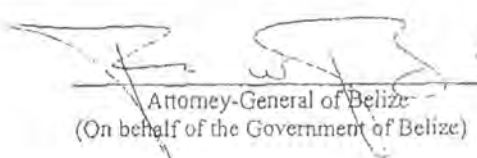
SIGNATORIES

Signed as a deed by THE
GOVERNMENT OF BELIZE



Prime Minister and Minister of Finance
(On behalf of the Government of Belize)

In the presence of:


Justice of Peace
GLENN F. LONGSWORTH
Justice Of the Peace
6 St. Joseph St.
Belize City, Belize

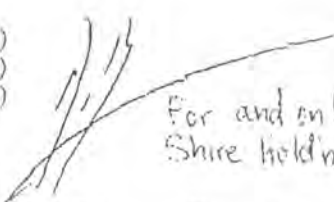

Attorney-General of Belize
(On behalf of the Government of Belize)


In the presence of:


GLENN F. LONGSWORTH
Justice Of the Peace
6 St. Joseph St,
Belize City, Belize
Signed, sealed and delivered by BELIZE
TELECOMMUNICATIONS LIMITED this
15th day of December 2006 in the presence of

Director

Secretary/Director


For and on behalf of
Shire Holdings Limited


For and on behalf of
Rocky Reef Ventures Limited

APPENDIX A

Belize Telecommunications Limited
Capital Rate of Return Statement
Financial Year Ending 31st March 2006

COMPUTATION OF THE ACHIEVED RATE OF RETURN ("AROR")

The AROR shall mean the percentage achieved by dividing earnings after tax and interest received ("Numerator") by book equity plus long term debt ("Denominator") (as recorded in the consolidated audited group accounts for BTL for the financial year under consideration) and then expressing the product in hundredths. [see Schedule 2 of Government Telecommunications Accommodation Agreement ("The Agreement")]

The Numerator (also referred to in Schedule 2 and the Agreement as "Earnings") shall be calculated by adding together a) Operating Income and b) interest income:		Comments	
Numerator	BZ\$000's	BZ\$000's	BZ\$000's
Results taken from the BTL consolidated group accounts	Excluding Shortfall Amount	Shortfall Amount	Including Shortfall Amount
Income before interest and extraordinary items	21,764		
short term interest	(721)		
extraordinary items	3,466		
a. Operating Income	24,509	7,075	31,584
b. interest income	2,738		2,738
'Earnings'	27,247	7,075	34,322

Definition: "Operating Income" means all revenue earned by BTL net of all charges levied against revenue by BTL, including, but not limited to, all operational and other charges such as staff costs; travel costs; distribution costs; corporate management costs; professional fees (including legal, accounting and technical fees); sales and marketing expenses; depreciation and amortization charges; licence and frequency fees; bad debt charges, provisions and write-offs; asset write-offs; currency exchange charges; bank charges; interest charges on short term debt; cost of sales, and interconnection fees.

The Numerator (also referred to in Schedule 2 and the Agreement as the "Rate Base") shall be calculated by adding together the following, as drawn from the closing balances of the consolidated audited group accounts of BTL for the financial year under consideration:		Comments	
Denominator	BZ\$000's	BZ\$000's	BZ\$000's
	Excluding Shortfall Amount	Shortfall Amount	Including Shortfall Amount
Total Shareholders Equity	209,760		216,835
Long Term Debt	4,830	7,075	4,830
Current Portion of Long Term Debt	7,145		7,145
'Rate Base'	221,735	7,075	228,810
Achieved Rate of Return	12.3%		15.0%

Including capital and revenue reserves

= The "Denominator" (Total funding at 31st March 2006)

= Numerator divided by Denominator

COMPUTATION OF THE MINIMUM RATE OF RETURN ("MROR")

The Minimum Rate of Return (MROR) per annum is 15%. This is the agreed rate of return that BTL must achieve in each financial year. The consequential value to be obtained by BTL in applying the MROR in each financial year under consideration is the sum achieved by multiplying the MROR against the Rate Base in the given financial year. [see Schedule 2 of the Agreement]

	Excluding Shortfall Amount	Including Shortfall Amount	
MROR	15%	15%	Percentage set per the Agreement
Rate Base in BZ\$000's	221,735	228,810	Calculation above
Consequential MROR in BZ\$000's	33,260	34,322	MROR multiplied against the Rate Base

COMPUTATION OF ANY SHORTFALL AMOUNT

In the event that BTL fails to achieve, in any given financial year during the duration of BTL's Individual Licence, an Achieved Rate of Return (as defined above, per Schedule 2 of the Agreement) greater than or equal to the Minimum Rate of Return (as defined above, per Schedule 2 of the Agreement), then the Government shall monetarily compensate BTL to the full extent of any Shortfall Amount in Earnings (as defined above, per Schedule 2 of the Agreement), so that the Achieved Rate of Return is equal to the Minimum Rate of Return in the financial year under consideration. Any Shortfall Amount shall be demonstrated by reference to BTL's group audited accounts for the relevant year and a Capital Rate of Return Statement to be prepared by BTL in accordance with this Pro Forma, its normal accounting procedures and the terms of the Agreement. [Section 11.4 of the Agreement]

Shortfall Amount Calculation	BZ\$000's	Comments
Actual Earnings	27,247	Monetary equivalent of the AROR (before Shortfall Amount)
MROR Earnings	34,322	Consequential value of MROR (including Shortfall Amount)
Shortfall Amount	7,075	To be paid by GOB to BTL per section 11.4 of the Agreement

Submission Date: 18/9/06

Submitted By (BTL Representative):  Chairman, Executive Committee

Attached: BTL Group Audited Accounts for the financial year ending 31st March, 2006



APPENDIX B

BELIZE TELECOMMUNICATIONS LIMITED

Esquivel Telecom Center - St. Thomas Street - P.O. Box 603 - Belize City - Belize - Central America
Telephone: 501-223-3858 - Fax: 501-227-3800 - <http://www.btl.net>

Hon. Said Musa
Prime Minister and Minister of Finance
Government of Belize
New Administration Building
Belmopan, Cayo District
Belize

Hon. Francis Fonseca
Attorney-General
Government of Belize
East Block Building
Belmopan, Cayo District
Belize

December 5, 2006

Dear Sirs,

RE: Amendment to Master Agreement between Belize Telecommunications Limited ("BTL") and the Government of Belize (the "Customer") dated July 6, 2005 (the "Original Agreement").

BTL and the Customer wish to record in this letter agreement certain amendments to the Original Agreement, as set out herein.

Capitalised terms used in this letter agreement and not defined herein shall bear the same meaning as in the Original Agreement.

In consideration of the mutual covenants and undertakings set forth in this letter agreement, and for valuable consideration, the Parties hereby agree that the Original Agreement is amended as follows:

- (1) Sections 1.2.1 and 26 of the Original Agreement shall be amended such that the Original Agreement, the documents referred to in the Original Agreement, this letter agreement and the documents referred to herein shall constitute the entire agreement between the Parties.
- (2) The definition of the word "Attachment" in Section 1.1 of the Original Agreement is deleted in its entirety and replaced by the following definition:

"Attachment" means any attachment included in this Agreement from time to time by BTL containing the terms and conditions governing each Service and which may be amended from time to time by BTL in writing and in accordance with BTL's standard practice, and

pursuant to which BTL shall provide and the Customer shall purchase each Service.”

- (3) The definition of the word “Customer” in the recital and Section 1.1 of the Original Agreement is deleted in its entirety and replaced by the following definition:

“ ‘Customer’ means the Government of Belize and all ministries, departments, groups, entities, organizations, bodies and associations of the Government of Belize from time to time, the current list of which is contained in Schedule D, and their successors.”

- (4) The definition of the word “Schedule” in Section 1.1 of the Original Agreement is deleted in its entirety and replaced by the following definition:

“ ‘Schedule’ means any schedule included in this Agreement from time to time by BTL and which may be amended by BTL in writing from time to time”.

- (5) The definition of the word “Services” in Section 1.1 of the Original Agreement is deleted in its entirety and replaced by the following definition:

“ ‘Services’ means all ‘telecommunications services’ (as such term is defined in the Belize Telecommunications Act 2002 as amended or re-enacted from time to time) and all other services ancillary and related thereto.”

- (6) Section 2 of the Original Agreement is deleted in its entirety and replaced by the wording in the following new Section 2:

2. Services

The Customer desires to obtain all Services used by the Customer from time to time, from BTL, on an exclusive basis, and for the duration of this Agreement, including but not limited to all those Services listed in Schedule A attached hereto. BTL agrees to be the exclusive provider of all such Services to the Customer for the duration of this Agreement and to provide all Services to the Customer in accordance with the terms and conditions of this Agreement and on such other terms and conditions relating to individual Services as may be published by BTL from time to time.”

- (7) Section 3 of the Original Agreement is deleted in its entirety and replaced by the wording in the following new Section 3:

3. Term and Termination

- 3.1 This Agreement shall come into force on the Agreement Date and subject to the terms of Section 10, shall remain in force for a period of ten (10) years (the "Initial Term") until July 6, 2015 (the "Renewal Date") and thereafter for consecutive periods of three (3) years (each an "Extension"), unless terminated by either Party serving upon the other six months' written notice (indicating an intention to terminate this Agreement) expiring upon the Renewal Date or the last day of any Extension, as applicable.
- 3.2 If the Customer uses an alternative Service not provided by BTL in breach of Section 2 herein, prior to the Renewal Date or the last day of any Extension, then the Customer must pay to BTL a monetary charge equivalent to thirty per cent (30%) of the gross revenue lost by BTL for the remainder of the Initial Term or any Extension, as applicable, by reason of the Service not being provided by BTL, based on the average of the last six monthly invoices previously billed to the Customer for the Service concerned or BTL's price for the equivalent Service, plus any applicable taxes payable to the Government of Belize or any taxing authority, on such revenue.
- 3.3 The Customer acknowledges and agrees that the charge prescribed in Section 3.2 above is a genuine pre-estimate of the loss to BTL in the given circumstances and is not intended to be a penalty. The Customer further agrees that all such charges shall be due and payable to BTL by the Customer within thirty (30) days from the date the payment of such charges is first demanded by BTL in writing."

- (8) Section 4.1 of the Original Agreement is deleted in its entirety and replaced by the wording in the following new Section 4.1:

"4.1. All charges for Services shall be payable by the Customer to BTL in accordance with the prices published by BTL from time to time and the invoice for such Services issued to the Customer on or before the date on which any such charges are due (the "Due Date"), and the Customer shall pay to BTL all such charges together with any applicable taxes without any reduction or deduction whatsoever, on or before the Due Date."

- (9) Section 4.6 of the Original Agreement is deleted in its entirety

(10) Section 8 of the Original Agreement is deleted in its entirety and replaced by the wording in the following new Section 8:

"8. Application of Discounts

- 8.1 Commencing on the Agreement Date and continuing throughout the duration of this Agreement, BTL shall: (i) add-up the charges for all Services (net of all applicable taxes) provided to the Customer during the course of any calendar month, and (ii) deduct from the total amount of such charges the sum levied by BTL over such calendar month for National-Fixed Line Calls carried across the BTL network (as determined in accordance with Section 8.3 below) between the Customer's premises in Belize (net of all applicable taxes), and the resulting sum shall constitute the Customer's monthly base cost charge (the "Monthly Base Cost Charge").
- 8.2 BTL shall then apply the Customer's Monthly Base Cost Charge in accordance with the following tables in order to determine the level of discount to be applied to the Customer's Monthly Base Cost Charge for the calendar month concerned:

Table One

Year 1. (Commencing 1st July 2005)

Insert Monthly Base Cost Charge into the relevant range set-out below in order to determine the applicable discount	Discount to be applied to the Monthly Base Cost Charge for each calendar month
Up to \$650,000	0%
\$650,001 to \$700,000	13%
\$700,001 to \$750,000	14%
\$750,001 to \$800,000	17%
\$800,001 to \$850,000	17%
\$850,001 to \$900,000	17%
\$900,001 to \$950,000	17%
\$950,001 to \$1,000,000	19%
\$1,000,001 to \$1,050,000	20%
\$1,050,001 to \$1,100,000	21%
\$1,100,001 to \$1,150,000	22%
\$1,150,001 to \$1,200,000	23%
\$1,200,001 to \$1,250,000	24%
\$1,250,001 and above	25%

Table Two
Year 2. (Commencing 1st July 2006)

Insert Monthly Base Cost Charge into the relevant range set-out below in order to determine the applicable discount.	Discount to be applied to the Monthly Base Cost Charge for each calendar month
Up to \$682,500	0%
\$682,501 to \$735,000	13%
\$735,001 to \$787,500	14%
\$787,501 to \$840,000	17%
\$840,001 to \$892,500	17%
\$892,501 to \$945,000	17%
\$945,001 to \$997,500	17%
\$997,501 to \$1,050,000	19%
\$1,050,001 to \$1,102,500	20%
\$1,102,501 to \$1,155,000	21%
\$1,155,001 to \$1,207,500	22%
\$1,207,501 to \$1,260,000	23%
\$1,260,001 to \$1,312,500	24%
\$1,312,501 and above	25%

Year 3 and each subsequent year thereafter for the duration of this Agreement

The following formula and mechanism shall be applied:

- (i) the ranges set out in column one of Table Two shall be increased on an annual basis throughout the remaining duration of this Agreement, by either 5% per annum or by a sum per annum equivalent to the annual percentage rate of inflation for Belize (as published by the Central Bank), whichever is the greater amount (the "Annual Adjusted Ranges");
- (ii) the level of discounts as set out in column two of Table Two shall remain unchanged throughout the remaining duration of this Agreement; and
- (iii) the Monthly Base Cost Charge shall be inserted into the Annual Adjusted Ranges in order to determine the discount to be applied to the Monthly Base Cost Charge for each calendar month.

- 8.3 All National Fixed Line Calls carried across the BTL network between the Customer's premises in Belize shall be charged by BTL at a flat rate of \$49,000 per calendar month during the first year following the Agreement Date (the "Flat Rate"). Thereafter and in each subsequent calendar year throughout the remaining duration of this Agreement, the Flat Rate shall be increased on an annual basis by either 5% per annum or by a sum per annum equivalent to the annual percentage rate of inflation for Belize (as published by the Central Bank), whichever is the greater amount.
- 8.4 The Customer shall pay BTL the charge for all National Fixed Line Calls as calculated in accordance with Section 8.3, and the Monthly Base Cost Charge net of the discount calculated in accordance with Section 8.2, on a calendar month basis and in the manner provided for in Section 4.
- (11) Schedules B and C of the Original Agreement and all references to Schedules B and C in the Original Agreement are deleted.
- (12) Insert new Schedule D into the Agreement (a copy of which is attached to this letter agreement) entitled: "All ministries, departments, groups, entities, organizations, bodies and associations of the Government of Belize constituting the "Customer" in this Agreement."

For the avoidance of doubt, save as amended by this letter agreement, all provisions of the Original Agreement including the Attachments and Schedules thereto shall remain in full force and effect.

Please indicate your acceptance and agreement to the terms contained in this letter agreement by executing the copy enclosed for this purpose and returning the same to BTL, marked for my attention.

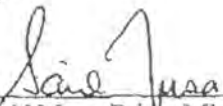
Yours sincerely



Dean C. Boyce
Executive Committee Chairman

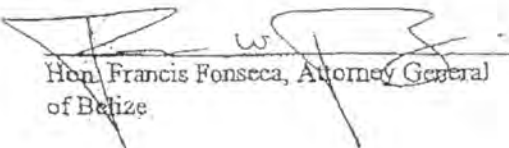
CC: Hon. Ralph Fonseca, Minister of Public Utilities

Executed as a deed on behalf of the Government of Belize this 15th day of ^{DECEMBER} ~~November~~,
2006 by:



Hon. Said Musa, Prime Minister and
Minister of Finance

In the presence of:



Hon. Francis Fonseca, Attorney General
of Belize

SCHEDULE D

All ministries, departments, groups, entities, organizations, bodies and associations
of the Government of Belize constituting the "Customer" in this Agreement.

Account Number.

00000077437-001	Ministry of Finance	00000077437-002	Accountant General
00000077437-003	Attorney General Ministry	00000077437-004	Ministry of Home Affairs
00000077437-005	Auditor General	00000077437-006	Archives Department
00000077437-007	Belize Defense Force	00000077437-008	Ministry of Defense
00000077437-009	BELIPO/Company Registry	00000077437-010	N E M O
00000077437-011	Bio-safety Framework Project	00000077437-012	Bureau of Standards
00000077437-013	Immigration Department	00000077437-014	Center for Employment Training
00000077437-015	Conscious Youth Development	00000077437-016	Customs Department
00000077437-017	Climate Change Center	00000077437-018	Director of Public Prosecution
00000077437-019	Ministry of Education	00000077437-020	Election & Boundaries
00000077437-021	Governor General	00000077437-022	Press Office
00000077437-023	General Registry	00000077437-024	General Post Office
00000077437-025	Legislature	00000077437-026	Magistrate Court
00000077437-027	Meteorological Dept	00000077437-028	Min Of Agriculture Fisheries Coop
00000077437-029	Ministry Of National Development	00000077437-030	Rural Development
00000077437-031	Ministry of Human Development	00000077437-032	Ministry of Industry & Commerce
00000077437-033	Karl Heusner Memorial Hospital	00000077437-034	Labour Department
00000077437-035	Min of Natural Resources & Environ	00000077437-036	Office of The Spec Commission
00000077437-037	Ministry of Local Government	00000077437-038	Min of Tourism & Broadcasting
00000077437-039	Ministry of Foreign Affairs	00000077437-040	Ministry of Health
00000077437-041	Ministry of Works	00000077437-042	National Library Service
00000077437-043	National Security & Immigration	00000077437-044	Office of P/Minister & Cabinet
00000077437-045	Primary Education Dev Project	00000077437-046	Prime Minister's Office
00000077437-047	Public Utilities Transport Com	00000077437-048	Civil Aviation Department
00000077437-049	Income Tax Department	00000077437-050	Ministry of Housing
00000077437-051	Ministry of Investment & Trade	00000077437-052	Prime Minister
00000077437-053	Youth For The Future	00000077437-054	Ministry of Public Utilities
00000077437-055	Police Department	00000077437-056	Ministry of Energy & Commn
00000077437-057	Minister of State	00000077437-058	Foreign Trade
00000077437-059	Department Of Transport	00000077437-060	National Fire Service
00000077437-062	Central Statistical Office	00000077437-063	Office of Governance
00000077437-064	Belize Defence Force (Card)	00000077437-065	Sales Tax Department
00000077437-066	National Drug Abuse Control Co		

**SETTLEMENT IN RELATION TO GOVERNMENT
TELECOMMUNICATIONS ACCOMMODATION
AGREEMENT DATED 19 SEPTEMBER 2005 (AS
AMENDED ON 21 NOVEMBER 2005 AND ON 15
DECEMBER 2006)**

THE GOVERNMENT OF BELIZE

AND

BELIZE TELEMEDIA LIMITED

January 7, 2008

THIS SETTLEMENT DEED IS DATED JANUARY 7, 2008

AND MADE BETWEEN:

- (1) **THE GOVERNMENT OF BELIZE** (including its ministries, departments, and political subdivisions acting through its authorized representative, the Honourable Said Musa, Prime Minister and Minister of Finance, National Development and the Public Service (hereinafter referred to as the "**Government**") whose office is at New Administration Building, Belmopan, Cayo, Belize, Central America; and
- (2) **BELIZE TELEMEDIA LIMITED**, a public company duly incorporated under the laws of Belize with its principal offices situated at the Esquivel Telecom Center, St Thomas, Belize City, Belize, Central America (herein referred to as "**Telemedia**").

WHEREAS:

- (A) On 19 September 2005 the Government and Belize Telecommunications Limited (herein referred to as "**BTL**") entered into the government telecommunications accommodation agreement (the "**Original Agreement**").
- (B) On 21 November 2005 the Government and BTL entered into a deed which set out certain provisions in relation to completion of the Original Agreement and certain amendments to the Original Agreement (the "**First Amendment Deed**").
- (C) On 15 December 2006 the Government and BTL entered into a settlement deed in relation to certain matters of dispute under the Original Agreement (as amended) (the "**First Settlement Deed**").
- (D) On 15 September 2006 BTL and Telemedia entered into a business transfer agreement pursuant to which BTL agreed to transfer its business to Telemedia (the "**Business Transfer Agreement**"). On 29 May 2007 the Belize Telecommunications Undertaking (Belize Telecommunications Limited Operations) Vesting Act, 2007 (the "**Vesting Act**") was assented to by the Governor General of Belize and was made law. Pursuant to the provisions of the Vesting Act, all of the assets, liabilities, rights, obligations, property, files and documentation of BTL (including any rights and obligations arising under the Original Agreement as amended) which had been agreed to be transferred pursuant to the Business Transfer Agreement were vested in Telemedia.
- (E) The Government and Telemedia (as successor to BTL pursuant to the Business Transfer Agreement and the Vesting Act) wish to settle a number of outstanding issues in relation to the Original Agreement (as amended).

IN SETTLEMENT OF THESE OUTSTANDING ISSUES IT IS AGREED:

1. CONSTRUCTION

- 1.1 Unless expressly defined in this deed (including the recitals) or the contrary intention appears, capitalised terms defined in the Original Agreement, the First Amendment Deed and the First Settlement Deed shall have the same meanings in this deed. References to the Original Agreement are to that agreement as amended by the First Amendment Deed and the First Settlement Deed.

2. RETURN ON CAPITAL INVESTMENT

- 2.1 In accordance with clause 2 of the First Settlement Deed, if full payment of the Shortfall Amount of BZ\$7,075,000 (the **2006 Shortfall Amount**) was not paid by the Government to BTL (or its

successor, Telemedia) by 31 October 2007, the further provisions of clause 2.2 of the First Settlement Deed are to apply. The Government has not yet paid the 2006 Shortfall Amount.

- 2.2 In addition, BTL achieved less than the Minimum Rate of Return in the financial year ended 31 March 2007 and pursuant to section 11.4 of the Original Agreement, Telemedia formally notified the Government of the Shortfall Amount of BZ\$11,628,000 (the "**2007 Shortfall Amount**") on 23 August 2007 and provided the Government with a Capital Rate of Return Statement setting out the basis for calculation of the 2007 Shortfall Amount. Full payment of the 2007 Shortfall Amount was due and payable by no later than 23 November 2007.
- 2.3 Certain additional and final assessments to taxation have been made by taxation authorities in Belize against BTL for the period ending 31 March 2005, including, but not limited to, assessments concerning general intercompany cross charges; intercompany charges for pre-paid cards; management fees; receipts by board members of BTL and of BTL associated companies and affiliates; international settlements; internet and data revenues, and assessments concerning all other BTL business activities, and including all accrued penalties, arrears interest or other interest thereon (together, the **Assessments**) amounting to BZ\$4,000,000. As successor to BTL, Telemedia has, subject to the provisions of clause 2.7 assumed this liability.
- 2.4 In accordance with clause 2.2 of the First Settlement Deed, the unpaid taxes due and owing as set out in clause 2.3 above shall be set-off against the 2006 Shortfall Amount and the Government hereby acknowledges and agrees that:
- (a) in respects of all financial periods of BTL (and/or Telemedia as the case may be) up to and including the period ending on 31 March 2007, all taxation assessments made on BTL (and/or Telemedia as the case may be) have been made and that no further tax assessments for these periods will be made by any taxation authority in Belize on BTL (and/or Telemedia as the case may be); and
 - (b) this set-off constitutes full and final settlement of all liabilities to taxation assessed by any taxation authority in Belize owed by BTL and/or Telemedia in respects of all financial periods of BTL (and/or Telemedia as the case may be) up to and including the period ending on 31 March 2007, and no further tax shall be due or payable by BTL (or Telemedia as the case may be) for such financial periods and that there are no other payments or obligations due and payable by BTL (and/or Telemedia as the case may be) to the Government.
- 2.5 Following the set-off described in clause 2.4 above, the balance of BZ\$3,075,000 plus the 2007 Shortfall Amount will be due and owing to Telemedia by the Government together totalling BZ\$14,703,000 (the "**Balance Amount**") and the Government agrees that Telemedia shall be entitled with effect from 1 February, 2008, and at its sole discretion, to set off the Balance Amount against monthly-based tax liabilities including, but not limited to, business tax as they fall due and owing until the Balance Amount has been extinguished.
- 2.6 The Government hereby acknowledges and agrees that, in the event the Government fails to pay to Telemedia, in accordance with section 11.4 of the Original Agreement, any Shortfall Amount arising in respect of Telemedia's financial year ending on 31 March 2008 or any subsequent financial years of Telemedia, on or by the relevant Deadline Date for each such financial year, Telemedia shall be entitled to set-off any such future Shortfall Amounts against the amount of any taxes or other payments or obligations due and payable by Telemedia to the Government.
- 2.7 The Government hereby acknowledges and agrees that any set-off made by Telemedia in accordance with any of clauses 2.4 to 2.6 above shall be made without prejudice to Telemedia's right to challenge the validity, basis of calculation or amount of:

- (a) any of the Assessments (to the extent that Telemedia is unable to set-off the 2006 Shortfall Amount in accordance with this clause 2); or
- (b) any future assessments made in relation to financial periods subsequent to the financial period ending on 31 March 2007.

2.8 Telemedia hereby confirms that the business tax payable by the company for the months of October 2007 (BZ\$1,460,338.71) and November 2007 (BZ\$1,540,228.29) together totalling BZ\$3,000,568 have been fully paid to the Income Tax Department.

3. RATE OF BUSINESS TAXATION

3.1 In relation to the Government's undertaking in section 11.3 (f) of the Original Agreement (as amended by clause 3.5 of the First Settlement Deed), to the extent that the Government does not comply in full with or implement such undertaking by 1 April 2008, Telemedia shall be entitled at its sole discretion from 1 April 2008 to calculate the amount of business tax it pays as set out in clause 3.5 of the First Settlement Deed and the Government hereby agrees that the payment by Telemedia of such amounts so calculated by Telemedia shall be in full and final settlement of Telemedia's liability to pay business tax in respect of any period.

4. VESTING ACT FURTHER ASSURANCES

4.1 Within 21 days of a written request being made by Telemedia to the Government, the Government shall, at its own cost and expense, take all necessary steps (or procure to the satisfaction of Telemedia that all such steps are taken by any other necessary party) to vest the undertaking of Telemedia (or BTL as the case may be) in:

- (a) a new company to which Telemedia has transferred its undertaking on terms similar to the Vesting Act; or
- (b) such entity as Telemedia or any of its successors or predecessors in title may require.

5. ADDITIONAL GOVERNMENT CONFIRMATIONS AND UNDERTAKINGS

5.1 The Government hereby confirms on behalf of the Income and Business Tax Department that, BTL, and therefore Telemedia, is exempt from withholding tax as set out in clause 3.1 of the First Settlement Deed.

5.2 The Government hereby confirms on behalf of the relevant fiscal departments that all goods, material, equipment and machinery imported for Telemedia's own use are free from import duties and General Sales Tax as set out in clause 3.2 of the First Settlement Deed and that all such fiscal departments will give full effect to the benefit of this status promptly and in any event within three business days of a request being made by Telemedia (or BTL as the case may be), and without any need for further recourse or authorisation from any other department or person.

5.3 The Government agrees to procure within 21 days of this deed, evidence to the satisfaction of Telemedia:

- (a) of the formal amendment to Telemedia's Individual Licence (or BTL's as the case may be) permitting it to restrict the resale of its services in accordance with Section 25 of the Belize Telecommunications Act 2002 (including an obligation to provide indirect access to BTL's telecommunications network) but shall be obliged to provide interconnection services to Speednet, and

(b) that the Belize Social Security Board has withdrawn Case No: 557/2002 against BTL in accordance with clause 5.1 of the First Settlement Deed.

5.4 The Government further agrees to procure within 21 days of this deed evidence to the satisfaction of Telemedia that the disparity between the business tax treatment of all Class Licensees and Telemedia (or BTL as the case may be) is rectified effective from 31 March 2007, so that Telemedia is taxed on its internet services and all other services provided, facilitated, permitted or covered by Class Licensees, at the same rate at which the Class Licensees are taxed, and in the event that the Government fails to procure such evidence within 21 days of this deed, Telemedia shall be entitled to pay business tax on its internet services and all other services provided, facilitated, permitted or covered by Class Licensees at the same rate at which Class Licensees are taxed until such disparity no longer exists.

6. LICENCE

6.1 The Government hereby undertakes to procure the grant by the Public Utilities Commission of any unconditional telecommunications licence, including, but not limited to, an Individual Licence granted under section 15 of the Belize Telecommunications Act, 2002 to Telemedia or to such other entity as Telemedia may nominate in substitution for any licence granted by the Public Utilities Commission and vested in Telemedia pursuant to the Vesting Act.

7. ASSIGNMENT

7.1 Notwithstanding the provisions of section 19 of the Original Agreement, the Government acknowledges and agrees that all rights of BTL under the Original Agreement are transferred to Telemedia effective from 29 May 2007 and that BTL has no further liabilities under the Original Agreement.

7.2 Without prejudice to the provisions of the clause 7.1 above, section 19 of the Original Agreement shall be deleted in its entirety.

7.3 Telemedia may at any time assign or transfer (including by way of novation) any rights or obligations under this deed, the Original Agreement, the First Amendment Deed and the Settlement Deed to:

- (a) any other member of Telemedia's corporate group;
- (b) any company under the control of Telemedia; or
- (c) any company under common control with Telemedia;
- (d) any purchaser or transferee of the business and assets of Telemedia or its successor which may enforce them as if it had been named in this deed as Telemedia.

7.4 For the purposes of this clause 7, 'control' means in relation to a company ownership of 50 per cent. or more of the voting rights in such company.

8. OTHER ISSUES

8.1 The Government agrees within 21 days of this deed to:

- (a) assign to Telemedia the frequency spectrum from 2.496 Ghz to 2.69 Ghz for Telemedia's sole use for the purposes of the deployment of its Wimax system throughout Belize;

- (b) assign to Telemedia the frequency spectrums: B band: 835 – 845 Mhz (Up link) and 880 – 890 (downlink) and Ext B band: 846.5 – 849 MHz (uplink) and 891.5 – 894 MHz (downlink) for Telemedia's sole use for the purposes of the deployment of its GSM system throughout Belize, and
 - (c) procure the Public Utilities Commission to clear the 450 MHz sub-band A in order to eliminate potential or actual interference with Telemedia's use of this frequency band.
- 8.2 The Government undertakes to give and to procure that the Public Utilities Commission give, full legal effect to the "Guidelines for the Regulation of Voice Over Internet Protocol ("VOIP") Operators" published by the Caribbean Association of National Telecommunication Organisations ("CANTO") in June 2007 (a copy of which is annexed to this deed) (the "CANTO Guidelines"), by the issuance within 14 days of the date of this deed, and by their implementation no later than February 29, 2008, of regulations governing the regulation of VOIP in a form acceptable to Telemedia and in full compliance with the CANTO Guidelines.
- 8.2 The Government undertakes to take, and to procure that the Public Utilities Commission take, all necessary steps to ensure that all Class Licensees fully comply with the CANTO Guidelines.
- 8.3 The Government undertakes not to, and to ensure that the Public Utilities Commission does not: (i) take any steps or any other action which would undermine Telemedia's position as the sole landing party for the Arcos submarine fiber optic cable, and (ii) allow any person or give any person permission or approval to access the Arcos submarine fiber optic cable either directly or indirectly, other than through Telemedia and by means of the purchase of capacity and services from Telemedia.
- 8.4 The Government undertakes to issue or to procure that the Public Utilities Commission issue, no later than February 29, 2008, all authorisations, consents or approvals necessary for Telemedia to fully implement with effect from a date to be determined by Telemedia, the tariff changes detailed in Telemedia's communication to the Public Utilities Commission dated August 10, 2007, a copy of which is annexed hereto.
- 8.5 The Government undertakes within 21 days of the date of this deed to remove or to procure the removal of, all duplicated business tax charges levied on revenue receipts arising from the provision and resale of services by Individual Licensees and Class Licensees.

9. EFFECT OF AMENDMENTS

- 9.1 This deed is supplemental to the Original Agreement, the First Amendment Deed and the First Settlement Deed and from the date of this deed, the Original Agreement, the First Amendment Deed and First Settlement Deed shall be read and construed as amended by this deed and references in the Original Agreement, the First Amendment Deed and the First Settlement Deed to "this deed" shall be construed as references to the Original Agreement, the First Amendment Deed and the First Settlement Deed as amended by this deed.
- 9.2 The parties agree that the obligations and liabilities under the Original Agreement, the First Amendment Deed and the First Settlement Deed that are not specifically amended by this deed continue in full force and effect.

10. ENFORCEMENT

- 10.1 Telemedia may enforce any provision of this deed for itself and as trustee on behalf of any predecessor or successor in title to the former business and assets of BTL transferred to Telemedia pursuant to the Business Transfer Agreement and the Vesting Act.


11. GENERAL

- 11.1 The parties agree that sections 12 to 18, 20 and 21 of the Original Agreement shall be deemed to be incorporated into this deed as though they were expressly set out herein.
- 11.2 Each party shall bear its own costs in connection with the negotiation, execution and implementation of this deed.
- 11.3 This deed shall be binding on the parties, their successors and assigns and the name of a party appearing herein shall be deemed to include the names of any such successor or assign.
- 11.4 This deed may be executed in any number of counterparts, all of which, taken together, shall constitute one and the same agreement and any parties may enter into this deed by executing a counterpart.

IN WITNESS whereof this deed has been executed and delivered on the date first above written.

SIGNATORIES

Signed as a deed by
THE GOVERNMENT OF BELIZE)
)



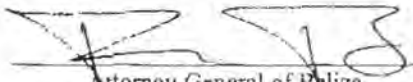
Prime Minister and Minister of Finance
(On behalf of The Government of Belize)

In the presence of:



Justice of Peace

**GLENN F. LONGSWORTH
JUSTICE OF THE PEACE
6 SAINT JOSEPH ST.
BELIZE CITY, BELIZE**



Attorney-General of Belize
(On behalf of The Government of Belize)

In the presence of:



Justice of Peace

**GLENN F. LONGSWORTH
JUSTICE OF THE PEACE
6 SAINT JOSEPH ST.
BELIZE CITY, BELIZE**

Signed, sealed and delivered by
BELIZE TELEMEDIA LIMITED)
this 7th day of January 2008 in the presence of:)



Director

Secretary/Director





DRAFT
GUIDELINES FOR THE REGULATION OF
VOICE OVER INTERNET PROTOCOL (VOIP) OPERATORS

The Caribbean Association of National Telecommunication Organizations (CANTO) has prepared the following guidelines to assist the Governments of CANTO Members in establishing the legal and regulatory framework for Voice over Internet Protocol ("VoIP"). These guidelines are considered necessary in light of the increased activity of VoIP operators in the Caribbean markets. These guidelines seek to ensure that the interests of the local economies, the licensed operators, and consumers are taken into consideration.

DESCRIPTION

1. Voice over Internet Protocol (VoIP) is an emerging technology. The term refers to transmission of voice over packet based networks. The IP suffix signifies the packet based protocol – Internet Protocol – used. The term VoIP also refers to all types of Internet Protocol-based one-way or two-way voice services, including both interconnected and non-interconnected services, provided in whole or in part over a broadband connection via data transmissions, including without limitation the public Internet, a corporate intranet, a managed network, or other actual or virtual dedicated circuits or capacity such as an international private line. The term VoIP also includes Voice over Frame Relay, Voice over ATM, packet voice, packetized voice, and all equivalent or similar services and applications.

EXISTING FRAMEWORKS

2. A Government which currently directly or indirectly restricts some or all VoIP services and applications should not relax or remove such restrictions without first ensuring that the current legal and contractual rights of all parties are fully recognized and satisfied.

LICENSING AND TAXATION

3. The Government shall adopt laws requiring all providers of VoIP services and applications, (either wholesale or retail), to one or more customers in the country to apply for and obtain an appropriate license before commencing VoIP service. Each provider should be required to provide certain minimum information regarding the company, its location and offices, its capital structure and financial qualifications, its ownership, its operations, its services, service quality, network, and 24/7 contact information.

4. The licensing and taxation regimes applicable to VoIP providers should be non-discriminatory when compared to the legal and regulatory regime governing non-VoIP providers of similar or equivalent services or applications.

5. At a minimum, the Government should adopt laws requiring each licensed VoIP provider to have a bona fide local business presence and to accept service of process at such location or through another designated and accessible local entity.

6. The Government should adopt laws stating that a person or entity directly or indirectly providing VoIP services in the jurisdiction without fully complying with all licensing and related requirements is thereby deemed to consent to accept service of process within the jurisdiction and to be subject to the judicial system within the jurisdiction.

7. A licensed operator providing a broadband connection to a customer shall be entitled to shut down such broadband connection, either by port blocking or otherwise, in the event the customer takes service from a VoIP provider which does not comply with all licensing and related requirements in the jurisdiction. This ensures that the licensed operator is not disadvantaged by its network being used for no charge.

8. The providers of local telephone services whose networks are being used to convey VoIP traffic should not be restricted from undertaking network management activities to promote efficient bandwidth usage by customers while removing incentives for users to engage in bandwidth usage which was not reasonably contemplated by the local operator's rate plans and applicable cost recovery mechanisms in the jurisdiction.

9. A person providing only VoIP services may also be required to make a contribution to universal service within the jurisdiction in a non-discriminatory manner when compared to other providers of similar or equivalent service. It is expected that fixed and mobile providers would already be required to make contributions to the USO fund.

10. The Government should adopt laws making it a misdemeanor criminal offence to provide VoIP services or applications in the jurisdiction without complying with all licensing and related requirements.

11. Each VoIP provider should be required to coordinate with national law enforcement authorities to ensure that such authorities are able to enforce the laws of the jurisdiction.

NUMBERS

12. The Government should establish a unique block of telephone numbers for assignment to VoIP users so that all parties can easily distinguish VoIP calls from all other types of traffic, and VoIP providers should port numbers to competing carriers consistent with the porting requirements of the country.

CONSUMER ISSUES

13. Each VoIP provider shall be required to offer an emergency voice calling service capability for all customers in the jurisdiction that is reasonably equivalent in quality and reliability to the emergency voice calling capability offered by the incumbent local telephone operator.

14. Each VoIP provider should be required to comply with all local consumer protection laws, including provisions in the local operator's license, and to provide appropriate disclosures to customers regarding the potential effect of power loss on the availability of VoIP services.

15. Each VoIP provider should be required to offer its customers termination on all licensed networks in the jurisdiction.

16. The Government should adopt laws granting to licensed operators a private right of action against any VoIP operator which does not comply with all licensing and related requirements in the jurisdiction. Such licensed operators shall be entitled to enhanced damages for the harm caused by such a VoIP provider, including without limitation lost revenues, stranded investment, bandwidth usage and congestion, network management costs, or other increased costs. Licensed operators should be permitted to rely upon any reasonable methodology for estimating damages.

17. Each VoIP provider should be required to post a bond with the National Licensing Agency in an amount sufficient to cover reasonably expected claims by customers for refunds, overcharges, or inferior service should the VoIP provider refuse to grant appropriate remedies or cease providing service without satisfying such claims.

18. In any case where a VoIP provider is reselling or rebilling VoIP services provided by another entity, or providing VoIP services in partnership with another entity, all such VoIP providers shall be independently subject to these requirements.



August 10, 2007

Roberto Young
Chairman
Public Utilities Commission
P.O. Box 300
41 Gabourel Lane
Belize City
Belize

Dear Mr. Young,

Revision of Service / Tariff Strategy

Operators in the telecommunications industry have consistently looked towards new and innovative ways of improving customer service and increasing value for customers, whilst at the same time developing a financially stable and forward-looking business, that is able to fully support its various stakeholders over the longer term. One such service improvement is tariff bundling, tailored to meet the particular requirements of individual customer segments.

The Company's existing customer service tariffs have been developed over a period of time, with international service tariffs being used to provide the necessary cross subsidies for domestic services that have been provided to a very substantial number of customers. The rapidly changing industry environment, and the changes in customer profiles, has completely undermined this traditional pricing model and everything that it supported.

To address the various financial issues and problems that exist, to leverage the benefits from the new billing platforms that are now being installed, and to more closely meet the current and projected demands of our customers, Telemedia plans to introduce the attached changes to its tariff and service structure.

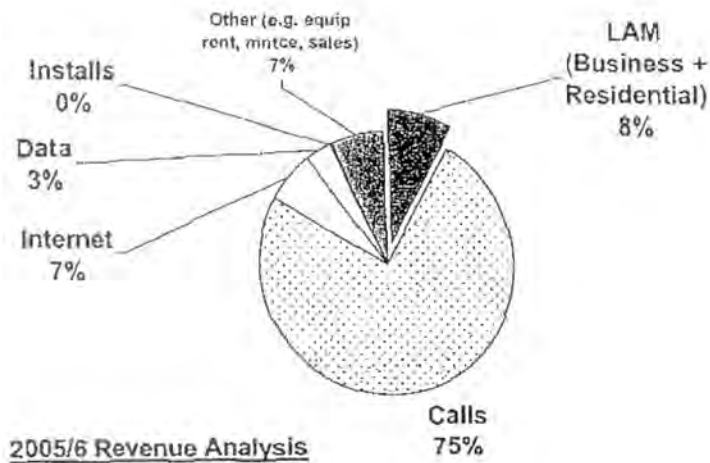
The new pricing strategy is based on the segmentation of the market through packages designed to cater to the needs of the different customer groups, and it will work towards a more equitable tariff structure that is more reflective of the underlying service costs. The new bundled packages are built on simplicity, and will include both voice and high speed data services, and these packages will provide a base for future enhancements.

The Vesting Act in May 2007 vested all the assets and liabilities of Belize Telecommunications Limited into Belize Telemedia Limited. Given that the underlying assets are common to both companies, the current plans for Telemedia use the results and performance achieved under Belize Telecommunications Limited, as a base. Any

references to either BTL or Telemedia will therefore, for the purposes of this document, be considered the same.

The new pricing strategy takes into account:

- The Line Access and Maintenance ("LAM) charge has not been increased since December 2001 (almost 6 years ago);
- The Company has over the past years been forced to cope with inflationary charges across most of its cost categories, including staff salary increases (4-5% p.a.), BEL rate increases (33% increase since July 2005), insurance rates, maintenance and support charges (as older systems are upgraded), and depreciation (as the Company has expanded and improved the network);
- Despite these varying cost increases, the Company has made substantial tariff reductions for telecommunication services over the past years, including cellular, international and internet, benefiting both post and pre-paid service users, and no service tariffs have been increased since December 2001;
- As an example of the effect of those tariff reductions, the annualized revenue earned from post-paid fixed line customers five years ago, for outbound international call services, compared with the current annualized revenues, reflect an annualized revenue reduction \$12m p.a. (i.e. 70%), and in turn this has reduced the Company's ability to maintain the same level of cross subsidies for the LAM service;
- The Company is faced with an increasing array of competition, and rapidly changing industry environment, including the effect of the foreign based VoIP providers, that parasitically utilize the local Belize network without contributing to the cost of that network, pay Belize taxes, etc., forcing down international tariffs in particular, but over time this will certainly extend to all domestic call rates (fixed and cellular);
- LAM services across the country make a substantial loss for the Company. Gross revenue would need to increase by \$18m per annum in order to cover the related operating and capital cost, for that particular service. The Company has provided around \$100m in cross subsidies (i.e. has forgone the related profits) over the past five years for this LAM service (with additional cross subsidies for certain other services such as internet and line installation);
- LAM services account for only 8% of the Company's total revenue (i.e. 8% of the total customers' bills), and with Internet making up 6.5%. The net effect of the introduction of the service changes included in this document, will be to increase the overall value received by residential customers. The effect of the change in services for business customers will be to increase Telemedia's overall revenue by less than 3%. Given the very small overall revenue impact on this occasion, and the much larger revenue and value benefits received by all customers over the past five years, there is no reason why this current change should create any difficulties.



- As long as it is financially able to do so, the Company will try to continue to provide some subsidies. In particular, in order to protect the genuine low income customer, the afford-a-phone program will continue to be subsidized as at present, with no increase in tariffs. The Company is however unable to maintain the same level of cross subsidies that it has for the past few years, before the inflationary cost increases, reduced international revenues and reduced tariffs for other services, and the impact of competition.
- The implementation of the new services are detailed in Appendix A, and are planned for implementation on 1st September, 2007.

The Company believes it would be beneficial if we could arrange a meeting discuss the contents of this document, and any matters arising, at your earliest convenience.

Yours Sincerely
BELIZE TELEMEDIA LIMITED


 Dean Moliya
 Manager - Legal & Regulatory Affairs

c: Executive Committee

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APPENDIX A

HomeFone & BizFone Services

Telemedia's HomeFone Service is a fixed telephone line offered only to residential customers and provides access to local, national and international calls. This service provides a Standard Package to all residential customers with options to purchase additional calling plans and internet upgrades. It also includes a package catered to the low-income users.

Telemedia's BizFone Service is a fixed telephone line offered only to Business customers including Small, Medium and Large Businesses, Government, Diplomatic and all lines currently classified as Business, which provides access to local, national and international calls, and with more advanced support standards. This service provides a Standard / Base Package to all Business customers and in the near future, Telemedia will offer options to purchase additional calling plans and upgrades for data services.

1. HomeFone Package

HomeFone Service provides a Standard Package to all postpaid and prepaid residential customers that include a fixed telephone line, a number of weekend minutes and free value added features as specified below. This package also offers a free directory listing, a telephone directory, 24 hours access to operator assistance and access to online services.

	Monthly Charge	Package Includes		
HomeFone Standard Package	\$35	Fixed Line Telephone Number, and maintained line and network access	First 60 minutes every Saturday, and First 60 minutes every Sunday, to any fixed line countrywide	Value Added features <ul style="list-style-type: none">▪ Caller ID• Voice-Mail

Notes:

- Excess minutes are billed at standard off peak rates
- Operator assisted calls, Cellular calls and International calls are not included
- Above stated Monthly Charge is exclusive of GST
- Includes calls to any Speednet fixed line number (non discrimination).

Benefits:

The 480 (60 x 8 days) additional FREE minutes have a value of \$62 (using an average weighted rate per minute, taking into account the normal traffic patterns). Therefore, the

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total charge at \$35, compared with the previous tariff arrangement (i.e. \$20 LAM + \$62 charge for 480 Minutes = \$82), provides an overall NET GAIN to the customer of \$47, that is a 57% overall saving.

The break-even point, where the free minutes exactly offset in the original LAM + minutes charge, is only 120 minutes during the month (out of the 480 minutes).

2. HomeFone Plans

HomeFone Service also offers residential customers the option to purchase additional bundles of minutes at discounted rates by selecting one of the following three plans. All three plans already include the cost and benefits of the Standard HomeFone Package above.

	Monthly Charges	Plans Include		
HomeFone Lite	\$59	Standard Package (which includes at least 480 Free Minutes along with Value Added Services) PLUS	150 local minutes, at anytime, during the month	75 national minutes, at anytime during the month
HomeFone Premium	\$99		600 minutes (10 hours) at any time, to any fixed line in the country, during the month	
HomeFone Family	\$149		1200 minutes (20 hours) at any time, to any fixed line in the country, during the month	

Notes:

- Operator assisted calls, Cellular calls and International calls are not included
- Excess minutes are billed at standard peak and off-peak rates
- Above stated monthly charges are exclusive of GST
- Includes calls to any Speednet fixed line number (non discrimination).

Benefits:

In addition to the overall 57% saving on the previous LAM charge and free weekend minutes, the savings on the additional bundled plan minutes amount to approximately 20% for Lite, 30% for Premium, and 40% for Family.

These are indicative numbers at this stage, and may be adjusted slightly prior to implementation, but still with the objective of providing the discount percentages shown.

In addition, it is expected that over time, additional features and benefits will be added to each plan.

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3. HomeFone Internet Upgrade

Residential customers on any HomeFone Plan will receive up to 30% additional discount on Telemedia's High Speed Internet Service when upgrading their internet plans, or when buying an internet connection for the first time with one of the Plans.

Plans	Speed	Actual Price	Savings	Discounted Price
HomeFone Lite	256k	\$179	10%	\$161
	512k	\$300	15%	\$255
	1MB	\$500	20%	\$400
HomeFone Premium	256k	\$179	15%	\$152
	512k	\$300	20%	\$240
	1MB	\$500	25%	\$375
HomeFone Family	256k	\$179	20%	\$143
	512k	\$300	25%	\$225
	1MB	\$500	30%	\$350

Notes:

- Above stated monthly charges are exclusive of GST
- The discounted prices are applicable to 'UPGRADES' only, or for customers buying a connection for the first time on a phone line with one of these Plans.
- The internet dial-up facilities will be available with each plan internet service.

4. HomeFone (Afford-A-Phone) Package

HomeFone Service also provides an affordable package to all Telemedia's Afford-A-Phone customers who are low-income prepaid residential customers. This package includes a fixed telephone line, and free value added features as specified below at a very low monthly charge. This package also offers a free directory listing, a telephone directory, 24 hours access to operator assistance and access to online services.

	Monthly Charge	Package Includes	
HomeFone (Afford-A-Phone) Package	\$5	Fixed Line Telephone Number, and maintained line and network access	Value Added features <ul style="list-style-type: none"> • Caller ID • Voice-Mail

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Notes:

- Package includes access to making national and international calls using prepaid pins only.
- Above stated Monthly Charge is exclusive of GST

5. BizFone Package

BizFone Service provides a Standard Package to all postpaid and prepaid business customers that include a fixed telephone line, a block of local minutes and free value added features as specified below. This package also offers a free directory listing, a telephone directory, 24 hours access to operator assistance and access to online services.

	Monthly Charge	Package Includes		
BizFone Standard Package	\$99	Monthly charge for Fixed Line Telephone Number, and maintained line and network access	First 250 local minutes anytime during the month	Value Added features <ul style="list-style-type: none">• Caller ID• Voice-Mail

Notes:

- Excess minutes are billed at standard rates
- Operator assisted calls, National calls, Cellular calls and International calls are not included
- Above stated Monthly Charge is exclusive of GST
- Includes calls to any local Speednet fixed line number (non discrimination).

Benefits:

The 250 local anytime additional FREE minutes have a value of \$20 (using an average weighted rate per minute, taking into account the normal traffic patterns). The service profitability / cost analysis shows that the Line Access should be charged at \$132. Together with the \$20 calls, the \$99 bundle gives that customer an overall subsidy benefit of \$43, that is a 28% overall subsidy / saving.

6. Future BizFone Plans

BizFone Service will soon offer Business customers the option to purchase additional bundles of minutes at discounted rates when selecting optional plans.

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APPENDIX B

HISTORICAL RATE TABLE
 All rates exclusive of tax

EXISTING SERVICES	Period	Yr 2001 (Pre Dec1)	Yr 2001 (December 1, Tar Rebal)	Yr 2002	Yr 2003	Yr 2004 (June 1, Rate Change)	Yr 2005 (December 1, Rate Change)	Yr 2006 (August 1, Rate Change)	Yr 2007 (March 1, Rate Change)	Yr 2007 (Sept 1, Rate Change)	% Change Dec 01 to Sept 07
INTERNATIONAL											
Direct Dialed											
Zone 1A-USA	Peak Off-Peak	\$2.75 \$2.00	\$1.75 \$1.50			\$1.60 \$1.40	\$1.39 \$0.97	\$1.18 \$0.52			(34)% (39)%
Zone 1B-Mexico	Peak Off-Peak	\$1.50 \$1.00	\$1.40 \$0.90				\$1.19 \$0.83	\$1.35 \$1.12			(3)% 24%
Zone 1C-Canada	Peak Off-Peak	\$2.75 \$2.00	\$2.50 \$1.90				\$2.19 \$1.53	\$0.96 \$0.76			(62)% (60)%
Zone 2 - UK	Peak Off-Peak	\$4.50/\$5.75 \$4.00/\$5.00	\$4.00 \$3.50				\$2.99 \$2.08	\$1.20 \$0.96			(70)% (73)%
10-10-199 (launched 2004)											
Zone 1A-USA	Peak Off-Peak					\$1.25 \$0.99	\$1.11 \$0.78	\$0.52 \$0.76			(47)% (49)%
Zone 1B-Mexico	Peak Off-Peak					\$1.75 \$1.25	\$0.95 \$0.67	\$1.12 \$1.00			(20)% 11%
Zone 1C-Canada	Peak Off-Peak					\$1.00 \$3.00	\$1.75 \$1.23	\$0.75 \$1.00			(70)% (66)%
Zone 2 - UK	Peak Off-Peak					\$2.50	\$2.39 \$1.67	\$1.00 \$0.88			(75)% (75)%

Zones removed at August 1, 2006, therefore the 4 countries are used as examples.
 Further rate reductions above 5 minute call durations, plus corporate and volume discounts provided, plus rates now billed in 15 second increments and not rounded to nearest minute.
 The overall effect on revenue per minute from international services reduced by 70%+ between December 2001 to December 2005
 Cif Peak hours extended in April 2003 to start at 8pm instead of 10pm and further extended at December 1st 2005, starting at 6pm
 Connect cards that offer even lower rates were launched in 2005

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EXISTING SERVICES	Period	Yr 2001 (Pre Dec)	Yr 2001 (December 1, Trn Rehab)	Yr 2002	Yr 2003	Yr 2004 (June 1, Rate Change)	Yr 2005 (December 1, Rate Change)	Yr 2006 (August 1, Rate Change)	Yr 2007 (March 1, Rate Change)	Yr 2007 (Sept 1, Rate Change)	% Change Dec 01 to Sept 07
REGULAR TELEPHONE SERVICE											
Installation			\$100.00			\$100.00	\$0.00				(100)%
Business or Residence Afford A Phone		\$80.00				\$0.00	\$0.00				
LAM											
Business PostPaid & PrePaid		\$20.00	\$50.00				\$50.00			discontinued	
Residence PostPaid & PrePaid		\$8.00	\$20.00				\$20.00			discontinued	
Res-Eco Pkg (contract: \$2 per mth)			\$10.00	\$10.00		discontinued	\$5.00			discontinued	
Afford A Phone											
HomeFone Service											
HomeFone (Afford-A-Phone)										\$5.00	Implement Oct 1
HomeFone Standard Package (PrePaid)										\$35.00	
HomeFone Standard Package (PostPaid)										\$35.00	
HomeFone Plans (PostPaid)											
HomeFone Lite										\$59.00	
HomeFone Premium										\$99.00	
HomeFone Family										\$145.00	
BizFone Service											
BizFone Standard Package PrePaid										\$99.00	Implement Oct 1
BizFone Standard Package PostPaid										\$99.00	
BizFone Plans (PostPaid)											
BizFone Plan 1										Coming Soon	
BizFone Plan 2										Coming Soon	
BizFone Plan 3										Coming Soon	
Sat Rental											
Business		\$2.00	\$5.00								
Residence		\$2.00	\$5.00								
Res-Economy Package (contract)		\$2.00	\$2.00			discontinued	\$2.00				
Afford A Phone											
Local/National Calls											
Local (Bolize City)	Peak	\$0.05	\$0.10								
	Off-Peak		\$0.05								
Local (Districts)	Peak	\$0.15/cell	\$0.10								
	Off-Peak		\$0.05								
Local (ALL)	Peak										
	Off-Peak										
Zone 1 (Intra-Dist)	Peak	\$0.25	\$0.20								
	Off-Peak	\$0.15	\$0.15								
Zone 2 (Inter-Dist)	Peak	\$0.55	\$0.40								
	Off-Peak	\$0.15	\$0.15								

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EXISTING SERVICES	Period	Yr 2001 (Pre Dec)	Yr 2001 (December 1, Tar Rebal)	Yr 2002	Yr 2003	Yr 2004 (June 1, Rate Change)	Yr 2005 (December 1, Rate Change)	Yr 2006 (August 1, Rate Change)	Yr 2007 (March 1, Rate Change)	Yr 2007 (Sept 1, Rate Change)	% Change Dec 01 to Sept 07
CELLULAR SERVICE											
Cellular AMPS											
Standard											
Activation		\$49.00	\$40.00								
Access		\$35.00	\$25.00								
Mobile Rate	Peak	\$0.70	\$0.55								
	Off-Peak	\$0.40	\$0.30								
PrePaid											
Activation		\$49.00	\$40.00								
Access	Peak	\$0.00	\$0.00								
Mobile Rate	Off-Peak	\$0.99	\$0.90								
		\$0.00	\$0.70								
DigiCell - (launched Dec 2002)											
Premier (Access inclusive of Nat'l mins)											
Standard											
Leisure											
Gold											
Platinum											
PrePaid											
	Excess Pk										
	Excess OPk										
	Peak										
	Off-Peak										

Step Pricing (rate reduced after five minutes) for DigiCell Prepaid introduced in October, 2006 with the launch of the IN

After 10 Mins in one day \$0.25 (rest of day)

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EXISTING SERVICES	Period	Yr 2001 (P+ One)	Yr 2001 (December 1, Tar. Reb.)	Yr 2002	Yr 2003	Yr 2004 (June 1, Rate Change)	Yr 2005 (December 1, Rate Change)	Yr 2006 (August 1, Rate Change)	Yr 2007 (April 1, Rate Change)	% Change Dec 01 to Sept 07
INTERNET										
Activation		\$30.00	\$30.00							
Monthly Access		\$40.00	\$24.00							
First 8 Hrs		Free	Free							
Additional Hours		\$4.00	Free							
Dialup Usage 0-12 Hrs	per min		\$0.10							
Total when exceeded 12 Hrs	per min		\$0.03							
DSL/MS Access										
84K				1-Aug-03		1-May-04				(44)%
128K					\$100.00	\$100.00	\$110.00			(40)%
256K					\$300.00	\$175.00	\$175.00			(40)%
1MB					\$500.00	\$300.00	\$300.00			(40)%
With HomeFone Plans										
HomeFone Lite										
256K							\$161.00			(10)%
512K							\$265.00			(15)%
1MB							\$400.00			(20)%
HomeFone Premium										
256K							\$152.00			(15)%
512K							\$240.00			(20)%
1MB							\$376.00			(25)%
HomeFone Family										
256K							\$143.00			(20)%
512K							\$225.00			(25)%
1MB							\$330.00			(30)%
DEDICATED INTERNET										
38 K - 1Yr				3rd 2002	21-7-03					
56 K - 2Yrs					\$800.00	\$800.00	\$800.00			
56 K - 3Yrs					\$800.00	\$800.00	\$800.00			
56 K - 5Yrs					\$800.00	\$800.00	\$800.00			
64 K - 1Yr					\$1,285.00	\$1,285.00	\$1,285.00			
64 K - 2Yrs					\$1,175.00	\$1,175.00	\$1,175.00			
64 K - 3Yrs					\$1,085.00	\$1,085.00	\$1,085.00			
64 K - 5Yrs					\$1,030.00	\$1,030.00	\$1,030.00			
128 K - 1Yr					\$2,530.00	\$2,530.00	\$2,530.00			
128 K - 2Yrs					\$2,285.00	\$2,285.00	\$2,285.00			
128 K - 3Yrs					\$2,115.00	\$2,115.00	\$2,115.00			
128 K - 5Yrs					\$2,000.00	\$2,000.00	\$2,000.00			
256 K - 1Yr					\$4,895.00	\$4,895.00	\$4,895.00			
256 K - 2Yrs					\$4,340.00	\$4,340.00	\$4,340.00			
256 K - 3Yrs					\$4,020.00	\$4,020.00	\$4,020.00			
256 K - 5Yrs					\$3,815.00	\$3,815.00	\$3,815.00			
512 K - 1Yr					\$7,685.00	\$7,685.00	\$7,685.00			
512 K - 2Yrs					\$6,685.00	\$6,685.00	\$6,685.00			
512 K - 3Yrs					\$5,195.00	\$5,195.00	\$5,195.00			
512 K - 5Yrs					\$5,035.00	\$5,035.00	\$5,035.00			
1MB - 1Yr					\$11,830.00	\$11,830.00	\$11,830.00			
1MB - 2Yrs					\$10,350.00	\$10,350.00	\$10,350.00			
1MB - 3Yrs					\$9,680.00	\$9,680.00	\$9,680.00			
1MB - 5Yrs					\$9,060.00	\$9,060.00	\$9,060.00			
2 MB - 1Yr					\$19,350.00	\$19,350.00	\$19,350.00			
2 MB - 2Yrs					\$17,635.00	\$17,635.00	\$17,635.00			
2 MB - 3Yrs					\$16,705.00	\$16,705.00	\$16,705.00			
2 MB - 5Yrs					\$15,440.00	\$15,440.00	\$15,440.00			