



**Office of the Prime Minister
Belmopan, Belize, Central America**

Please Quote

PSB/14/01
E-mail : pmbelize@btl.net

27th February 2004

Mr Jeffrey J Prosser
Chairman,
Innovative Communications Corporation
Phillips Point – East Tower
777 S. Glagler Drive, 12th Floor
West Palm Beach, Florida 33401

Dear Mr. Prosser :

Memorandum of Commitment from the Government to ICC

In the context of the purchase by ICC of shares in BTL, the Government of Belize hereby warrants that it will ensure, where necessary by legislation, that upon the coming into operation of the Agreement between the Government and Innovative Communications Corporation (ICC) for the purchase of the said shares (hereafter 'the Purchase Agreement') the following supplementary arrangements will become effective: namely -

1. Within 6 months of the conclusion of the Purchase Agreement, and in keeping with the practise in other CARICOM countries, communication by 'voice over the Internet' will be unlawful in Belize.
2. BTL will be recognised as the only local network exchange and INTELCO and SPEEDNET will be relieved of any obligation under their licences, and of any rights pertaining thereto, to provide telecommunication services by wire line and/or by fixed wireless.

Tel.: 501-8-22345/22345
E-Mail: primeminister@Belize.gov.bz

Fax: 501-8-20071

Mr Jeffrey J Prosser
27th February, 2004
Page Two

3. For a period of 7 years from the conclusion of the Purchase Agreement, no further mobile licences will be issued beyond those already granted to BTL, INTELCO and SPEEDNET.
4. Subject to Clause 5, BTL will be authorized, under an amended licence, to be the sole agency for negotiating accounting rates with foreign carriers.
5. The PUC will establish a floor below which no licensee may set rates for international traffic. In establishing the floor, the PUC shall have regard to the following factors: namely, (i) accounting rates, (ii) BTL's direct costs of the provision of international services; (iii) the fair return on property, plant and equipment to BTL including a fair allocation of indirect costs and overhead; and (iv) BTL's indirect costs as the main provider of services in Belize reasonably necessary to subsidise the provision of services to rural areas.
6. The PUC will allow the full value of BTL's property, plant and equipment as in the audited accounts of the Company at the date of the Purchase Agreement, together with any mutually verified additions thereto, for the purposes of agreeing rates.
7. Interconnect rates agreed between INTELCO and ICC on behalf of BTL and approved by the PUC (which approval shall not be unreasonably withheld) shall be the authorised Rates for Belize. In the absence of such an agreement, the PUC will proceed as provided in the PUC Act understanding always that the PUC shall take no action before ICC has consummated the purchase of the shares in BTL.

The Government understands that ICC is relying on the above commitments to enter into the share purchase agreement with the Government of Belize for the purchase of shares in BTL in the agreed thirty days.

Very truly yours,


Honourable Said W Musa
Prime Minister and Minister responsible for