

AGREEMENT

THIS AGREEMENT is made the 13th day of December, 1997

BETWEEN:

- (a) **THE GOVERNMENT OF THE CAYMAN ISLANDS** acting by His Excellency Mr. Alan J. Scott, C.V.O., C.B.E., the Governor of The Cayman Islands, on the advice of the Executive Council (“the Government”) of the **FIRST PART**:

– AND –

- (b) **CABLE AND WIRELESS (WEST INDIES) LIMITED**, a company duly incorporated under the laws of the United Kingdom and registered under the laws of the Cayman Islands, having its registered office at 110/124, Theobald’s Road, London WC1X 8RX, England, (“the Company”) of the **SECOND PART**.

WHEREAS:

- (1) By a License issued pursuant to the Wireless Telegraphy Control Law by the Administrator on the 26th April, 1965 the company was permitted to operate certain wireless apparatus for the purpose of national and international telecommunications;
- (2) By an Agreement dated 26th April 1965, made between the Government of the Cayman Islands and the Company, the Company was authorized to provide, own, install, maintain and operate the national telephone system for a period of 20 years from the 2nd December 1966;
- (3) By an Agreement dated 26th April 1965, made between the Government of the Cayman Islands and the Company. The Company was authorized to provide and operate the external telecommunications services of the Cayman Islands for a period of 20 years from the 1st July 1967;
- (4) By two supplemental Agreements dated 21st May 1972 and 11th September 1979 between the parties hereto the Company was additionally authorized to

lay and exploit submarine telecommunications satellite earth station;

- (5) By a waiver to the said License and Agreements dated 19th October 1983 the Company waived in favour of the Government its exclusive rights to provide Public Radio Mobile Services and Public Radio Paging Services for a period of 5 years from the 19th October 1983, expiring on the 18th October 1988.
- (6) The said License and Agreements expire on 31st December 1994 in accordance with Clause 2 of the second supplemental Agreement of the 11th September 1979;
- (7) At the request of the Company the Government is prepared to enter into a new Agreement with the Company in the manner and subject to the terms, covenants and conditions hereinafter set forth.

AGREEMENT:

NOW THIS DEED WITNESSETH as follows:

- (a) The Government in exercise of all its powers and authorities hereby grants to the Company the exclusive licenses powers and authorities as hereinafter appear for the period specified herein and subject to the terms and conditions hereof, to –
 - (i) provide, own, install, maintain, operate, promote and augment the national telecommunications systems and services within the Cayman Islands as further set out in Schedule 2; and
 - (ii) provide, own, install, maintain, operate, promote and augment the international telecommunications systems and services both between the Cayman Islands and places or mobile options outside the Cayman Islands and passing in transit through the Cayman Islands as further set out in Schedule 3.
- (b) In consideration of the grant of the rights, licenses and authorities aforesaid the Company shall pay to the Government an annual fee more particularly defined and described in Schedule 1 hereto.

- (c) The licenses hereby granted shall commence on the date hereof and the License and the Agreements hereinbefore recited shall terminate on the same date and subject to prior termination in accordance with the terms of hereof shall remain in full force and effect until either:
- (i) terminated by either party giving to the other in writing 5 years' notice of termination; or
 - (ii) renewed for further periods on mutually agreed terms and conditions: Provided that notice of a wish to renew must be given by the party seeking renewal at least 18 months before any termination date under paragraph (c) (i) above, and the mutually agreed terms for renewal must be completed within one year from the date of the notice seeking renewal.
 - (iii) such notice or such renewal to expire or commence (as the case may be) on a date not sooner than 20 years from the date hereof.

AND IT IS HEREBY AGREED AND DECLARED as follows:

Definitions:

1.0

Under this Agreement, unless the context otherwise requires:-

"The Cayman Islands" includes the territorial sea of the Cayman Islands;

"external" means places outside the Cayman Islands;

"international telecommunications systems and services" means any telecommunications systems and services between the Cayman Islands and any one or more points beyond the Cayman Islands or which pass in transit through the Cayman Island;

"I.T.U. Convention" means the International Telecommunications Convention of Nairobi 1982 and the General and Administrative Regulations thereof and includes any Convention and/or Regulations which may from time to time be in force in revision thereof or in addition thereto;

“license” means the authority and powers granted to the Company by the Government hereunder to operate the national and international telecommunications systems and services specified in Schedules 2 and 3;

“licensed apparatus” means any telecommunications apparatus the subject of this agreement, which is supplied by the Company;

“licensed services” means the services specified in Schedules 2 and 3;

“message” means any telegram, phototelegram, telephone or telex call, data, facsimile or text transmission, electronic mail or voicegrams;

“national telecommunications systems and services” means the telecommunications systems and services set out in Schedule 2;

“public” means natural persons, judicial persons, companies, partnerships or any other form of commercial or legal entity living or carrying on business in the Cayman Islands to whom the Company provides directly or indirectly national international telecommunications systems and services;

“telecommunications” means any transmission, emission or reception of signs, signals, writing, images and sounds or intelligence of any nature by wire, radio, optical or other electromagnetic systems;

1.1 Any expression or word not specially herein defined shall have the meaning ascribed to it by the I.T.U. Convention.

1.2 Words importing the singular only shall also include the plural and vice versa.

Company to observe international conventions and local legislation

2.0 The Company shall at all times observe the provisions of:
(i) The I.T.U. Convention;

(ii) The Convention for the Protection of Submarine Cables signed in Paris on the 14th day of March 1884 and any provisions which may for the time being be in force in substitution thereof or amendment thereof;

(iii) Legislation from time to time in force in the Cayman Islands.

Company to expand and improve telecommunications

3.0 Throughout the term of this License, the Company shall develop, expand and improve the licensed national and international telecommunications systems and services, paying due regard to the advance of telecommunications technology and shall utilize suitable equipment employing the latest proven technological developments wherever these are appropriate and can be shown to be cost effective. In this connection the company will –

- (a) provide Government annually with its approved Capital Expenditure programme for the Cayman Islands including the cost justification and economic analysis of each major project;
- (b) consult with the Government to ensure that these plans are compatible with Government's National Development Plan; and
- (c) review with Government annually their current plan for technological development including all plans for modernization and the delivery of new features and services.

Company to ensure efficient maintenance and operation of licensed equipment

4.0 Throughout the term of this Agreement the Company shall, subject to the provisions of clause 23.1 hereof, maintain and operate the license apparatus in proper working order and shall subject as aforesaid provide efficient and reliable service in accordance with the needs of the Cayman Islands. Representatives of the Government and of the Company shall meet from time to time with a view to establishing service standards, and to review and report on the performance of the Company against such standards.

- 4.1 If at any time the Company shall fail (other than for reasons beyond its control) so to maintain and operate the licensed apparatus or to carry out its obligations under this Agreement, the Government may inform the Company in

writing accordingly. If the Company fails to rectify the situation within one month of receipt of the said notice, or such longer period as Government may in writing allow, then the Government may refer the matter to arbitration in accordance with Clause 29 hereof. If upon such arbitration it is determined that the Company is failing to maintain or operate the licensed equipment, or failing to carry out its obligations under this Agreement, the arbitrator shall direct what steps should be taken to rectify the situation and fix a time within which the Company shall take such steps, and if the Company fails to take the action required within the specified time, then the Government may terminate this Agreement either forthwith or upon such notice as it considers, in its own absolute discretion, to be appropriate in all the circumstances.

**Government
to enact necessary
legislation**

5.0 The Government undertakes, at the request of the Company to use its best endeavors to enact, maintain in force and update such legislation (and in particular the Telephone Law, 1966) as may be agreed with the Company to be requisite to enable the Company to carry out its rights and obligations under this Agreement.

**Company's rights
as to telecommunica-
tions stations, cables and
apparatus**

6.0 Subject to the Laws of the Cayman Islands for the time being in force the Company is hereby authorized as may from time to time be necessary:-

- (i) to establish, maintain and operate telecommunications station(s) of any type in the Cayman Islands including but not limited to satellite earth stations, terrestrial radio stations (including cellular radio stations) and cable landing stations; and
- (ii) to lay and maintain and operate on and along the foreshore and bed of the sea of the Cayman Islands at such location(s) as may be approved by the Government in a seaward direction a line or lines of submarine telecommunications cable of any type; and
- (iii) to provide, install, lease and maintain telecommunications apparatus of any type in the Cayman Islands; and
- (iv) to provide any necessary circuits (and cables, radio backhauls or other facilities) between the installations

referred to in (i) and (ii) and (iii) above and between such installations and subscriber installations as may be required for the control, operation and co-ordination of the national and international telecommunications systems and services.

- | | | |
|---|------|--|
| As to interference | 7.0 | The licensed apparatus shall be so operated that it will not cause harmful interference with any other authorized apparatus within its range and with a view to the avoidance of such interference the Company shall comply with any instructions given by the Government as to the operation of the licensed apparatus. |
| | 7.1 | The Government shall use its best endeavors to ensure that the minimum amount of harmful interference is caused to the licensed apparatus by third parties. |
| Frequencies | 8.0 | The frequencies to be used in the operation of the radio installations of the Company shall be those agreed by the Government due regard being given to frequencies determined by international agreement. |
| Cables to be landed | 9.0 | The Company shall land, maintain and secure its submarine cables to the satisfaction of and at locations approved by the Government, such approval not to be unreasonably withheld or delayed. |
| Company to observe conditions as to buildings etc. | 10.0 | The Company shall at its own expense construct and maintain all junction boxes, cable huts, plants, offices and other buildings, submarine telecommunications cables, and any other apparatus necessary for the provision of telecommunications services pursuant to this Agreement in such manner as the Government may direct and shall comply with such stipulations and conditions as regards their location as the Government may from time to time make with a view to safeguarding and protecting them from accidental or malicious injury or destruction, provided that any sites used for purposes outlined in this clause by the Company prior to entry into force of this Agreement shall be deemed to have the approval of the Government to continue to be used for such purpose. |
| Government to make government owned sites available to | 11.0 | The Government undertakes to use its best endeavors, subject to the plans and requirements of Government, to make available at the request of the Company, at fair market rate, such Government owned sites as may be |

the Company

suitable and, in the opinion of Government, available for the provision of the services the subject of this Agreement.

Legislation concerning wayleaves, road works, etc.

- 11.1 The Government undertakes, at the request of the Company, to use its best endeavors to enact, maintain in force and update any legislation that may, in the view of Government, be requisite to enable the Company (subject to the payment of such compensation as may be provided and subject to any requirements for the obtaining of the permission or consent of any body or persons) to obtain sites or wayleaves for the installation and maintenance of poles and pole routes, cables and cable routes, exchange buildings, stores and remote line units and public pay booths and other external plant.
- 11.2 Applications for permission to break up highways, roads and streets for the installation and maintenance of telephone ducts and cables shall be governed by the Roads Law (Revised), or any legislation replacing the relevant provisions thereof.

Company's buildings etc. on foreshore and sea bed

- 12.0 The Company shall not without the consent in writing of the Government having first been obtained, which consent shall not be unreasonably withheld or delayed, place any buildings, works or materials or do any other act on the shore and bed of the sea of the Cayman Islands and shall not do anything which may in the reasonable opinion of Government be or become injurious to the public interest.

Government's rights as to buildings etc. on foreshore and sea bed

- 13.0 It shall be lawful for the Government and any body or person duly authorized by it at any time to serve written notice upon the Company requesting them within 7 days to remove from the said shore and bed of the sea all buildings works and materials which may have been placed there by the Company without the consent or approval hereby required thereto or which by reason of having been abandoned or suffered to fall into decay may be, in the reasonable opinion of the Government, in such a condition as to prejudice or obstruct or cause reasonable apprehension that they may prejudice or obstruct navigation or be or become injurious to the public interest and to restore the said shore and bed of the sea to the former or proper condition thereof. Should the Company fail to comply with such request then the Government or any body or person authorized by it may do so and the Company will pay to the Government or such authorized

body or person as aforesaid all reasonable expenses thereby incurred.

Company to maintain accounting system and give Government information as to its business

14.0 The Company shall establish and maintain in the Cayman Islands, in respect of its business conducted pursuant to this Agreement, an accounting system, a business planning system and other systems for the management of information and the maintenance of commercial, service and engineering standards concerning such business.

14.1 In accordance with the systems established under the preceding sub-clause, the Company shall submit to the Government:-

- (i) annually, a final audited profit and loss account, balance sheet and statement of source and application of funds; and
- (ii) annually, having regard to the ordinary staff and administrative capacity of the Company, a report containing for the reporting period the number of service outages; the length of outages; number of customer trouble reports; the length of time to get service installed and the number of customers complaints; and
- (iii) all such other information concerning such business as the Government may from time to time reasonably require having regard to the ordinary staff and administrative capacity of the Company;

Provided that all information so furnished under this sub-clause shall (except for the purposes of this Agreement, including the determination of differences, as may be herein provided for) be treated as strictly private and confidential and shall in no way be published or publicly made use of without the prior written consent of the Company.

Company to give Government (on request) information as to traffic

15.0 The Company shall furnish annually to the Government all such particulars of the traffic passing over its system of telecommunications and originating in or destined for the Cayman Islands as the Government may from time to time reasonably require: Provided always that regard shall be had to the ordinary staff and administrative capacity of the Company as regards the volume of statistics to be supplied

and that all particulars so furnished shall (except for the purposes of this Agreement and such determination of differences as hereinafter mentioned) be treated as strictly private and confidential and in no way published or publicly made use of except with the prior written consent of the Company or when included with published General Returns of the Company.

Government's right to inspect Company's installations

16.0 The Government and any body or person duly authorized by it may at all reasonable times enter upon all or any of the stations offices and installations in the Cayman Islands in the possession or occupation of the Company (either solely or jointly with any other person or persons) for the purpose of inspecting any of the licensed apparatus and the working and use of such apparatus provided that any information thereby gained with regard to the Company's apparatus and systems shall be regarded as private and confidential.

Company give to Government notice of interruption of services.

17.0 If at any time any telecommunications service operated by the Company under this Agreement shall become interrupted the Company shall give notice of any abnormal Circumstances surrounding such interruption to the Government and shall use all reasonable endeavors to provide an alternative service. For the purposes of this Clause, "interruption" shall mean the known total failure for a period in excess of two hours of any major telecommunications facility provided by the Company under this Agreement.

Assignment disposal or delegation of License

18.0 The Company shall not without the consent in writing of the Government (which consent may be withheld entirely in the discretion of Government) having first been obtained assign, or dispose of this Agreement or any license granted thereunder or any benefit arising therefrom whether in whole or in part or delegate any of the powers hereby conferred otherwise than to another company within the Cable and Wireless Group.

18.1 Should any such assignment disposition or delegation as last aforesaid be made the Company shall within two calendar months of the date thereof, cause a true copy of the instrument effecting the same to be transmitted to the Government.

Rate of Charge	<p>19.0 The rates of charge to subscribers for the services provided by the Company under this agreement may be adjusted by the Company from time to time, but may only be increased with the written agreement of Government. Application for such Agreement shall be made in writing and supported by the information set out in Schedule 4.</p> <p>19.1 In considering whether to agree to a proposed increase, Government shall have due regard to the need of the Company to make a reasonable return on its investment, the actual return being made by the Company, the quality of the service provided by the Company, the economic state of the Islands in general and all other relevant factors.</p> <p>19.2 If the Company is aggrieved by the decision of Government on an application for an increase it may require arbitration pursuant to C1. 29.0 of this agreement.</p>
Routing of Messages	<p>20.0 If an whenever the Government shall require the Company its servants or agents to give priority to the transmission by means of its system of telecommunications to messages of the Government, such messages shall have priority over all other messages insofar as this may be consistent with the provisions of the I.T.U. Convention and the Company its servants and agents shall as soon as is reasonably possible transmit the same and shall, insofar as may be necessary to effect such transmission, suspend the transmission of other messages.</p>
All Messages handled with equal priority	<p>21.0 Subject to Clause 20.0 hereof and Article 25 of the I.T.U. Convention concerning safety of life, the Company shall transmit over its system of telecommunications all Messages on equal terms due regard being given to recognized differences between one class of message and another:</p> <p>Provided that nothing in this Agreement shall prevent the Company from providing for the delivery of telegrams at convenient hours according to the local time at the respective places of transmitting the same in such order of priority as shall be reasonably adopted for that purpose having regard to the respective time zone of such places.</p>
Company to have direct relations with	<p>22.0 During the currency of this Agreement the Company shall be permitted direct relations with the public for the provisions of all types of telecommunications services</p>

the public

which are the subject of this Agreement including the distribution of advertising matter and other activities relating to the promotion and development of telecommunications traffic over its system of telecommunications and the billing of and collection of moneys from its customers in respect of services provided by the company and the taking of all such legal and other action as may be required for the recovery of debts.

Government not to license third party to operate tele-communications

23.0 During the currency of this Agreement and subject to sub-clause (3) of this clause, the Government agrees not to undertake itself nor issue to any person or company any license or permission directly or indirectly to provide, operate, promote or maintain any of the licensed services unless the Company has first been offered the opportunity to provide such services and has declined or is unable to provide such service within a reasonable period of time, not exceeding two years; PROVIDED THAT the company in its sole discretion may waive the exclusive rights herein provided in respect of a specific service.

Company not to be held liable or deemed in default through causes beyond its control services

23.1 The Company shall not be held liable or deemed to be in default under this agreement for any failure to perform its obligations hereunder if such failure results directly or indirectly from force majeure. For the purposes of this Sub-section, force majeure shall include, but not be limited to, any law, order, regulation, direction of any Government; strikes or other labour difficulties; insurrection, riots; national emergencies; war; fire; floods or other catastrophes; acts of God or any causes beyond the control of the Company.

Government right to work tele-communications

23.2 The foregoing provisions shall in no way prejudice or effect the right of the Government to establish, authorize, license, extend, maintain or work any telecommunications apparatus or station –

- (i) for any Government purposes of a non commercial nature;
- (ii) for experimental purposes;
- (iii) for the operation of a local broadcasting services and television service;

- (iv) for aeronautical services;

Provided any such station or apparatus does not carry any traffic which, in the reasonable opinion of Government, it considered proper to be handled by the Company under the terms of this Agreement, and in the event of disagreement either party may refer the matter to arbitration in accordance with clause 29.

- | | | |
|---|------|--|
| Saving for licenses already granted | 23.3 | Nothing in this clause shall be deemed to affect the validity of any license granted by the Government for the provision of television or radio broadcasting or radio transmission services. |
| Saving for private marine radio communications | 23.4 | Nothing in this license shall be deemed to apply to the installation or operation of private licensed radio communications on – <ul style="list-style-type: none">(i) aircraft for the purposes of air and safety; or(ii) on vessels which are used for the purpose of “ship to shore” or “ship to ship” communication in the interests safety at sea or for the purposes of navigation. |
| Employees | 24.0 | The Company undertakes to employ Caymanians where possible and to use its best endeavors to train them to take over as soon as possible such posts as may be occupied by non-Caymanians. However, the Company shall have the right, subject to any law for the time being in force in respect of immigration into and the right to work in the Cayman Islands, to employ such non-Caymanians as it may consider necessary for the efficient installation, maintenance and operation of the national and international telecommunications systems and services. |
| | 24.1 | The Company shall use its best endeavors to ensure that all staff members observe the rules of secrecy relating to telecommunications pursuant to Article 22 of the I.T.U. Convention. |
| | 24.2 | The Company will strive to ensure that all employees maintain safety standards and practices as established in the Company’s “Corporate Safety Manual”, the Company’s “Cayman Islands Craft Practices Manual”, and other pertinent national standards and codes. Copies of the |

Company manuals will be made available to the Government on request.

Government's Powers to take possession or control in an emergency

25.0 If during the currency of this Agreement the Government declares that a national emergency has arisen, the Company hereby undertakes to comply with any directions that may be given to it in writing by the Government or any person duly empowered by Government or by or under any Law.

25.1 In the event that the Government's directions include the provision for a person authorized by the Government to assume control of such of the Company's telecommunications systems and services as are in the Cayman Islands or the territorial waters of the Cayman Islands then the Company will comply with such direction and co-operate with such person provided that any such direction is received in writing by the Company.

Provisions in respect of through circuits on termination of this Agreement

26.0 The Government undertakes that if this Agreement is terminated for any reason whatsoever, it will grant such formal licenses and permission as may be necessary to give the Company the right to own such of its assets as may be necessary for the provision, maintenance and/or operation of circuits transiting the Cayman Islands which for technical reasons are required to be relayed by installations located in the Cayman Islands together with the right to work in the Cayman Islands for the purpose of providing, maintaining and/or operating such circuits.

Provision for termination of this Agreement by government

27.0 Subject always to Clause 26, in either of the following cases: -

(i) if at any time during the currency of this Agreement the Company shall be dissolved or go into liquidation otherwise than for the purpose of reconstruction (and such reconstruction does not in the opinion of the Government destroy the identity of the Company) or shall cease to carry on a telecommunications business; or

(iii) subject to clause 18, if at any time any act shall be done or suffered whereby wither wholly or partially this Agreement or any of the licenses or permissions hereby granted or any benefit arising therefrom or any powers hereby conferred shall without the assent of the Government first obtained become

vested in or delegated to any body or person other than the Company;

then and in any such case the Company shall forthwith give written notice to the Government and the Government may by notice in writing served on the Company revoke and terminate this Agreement or the license or permission as the Government shall in its absolute discretion think fit and such agreement license or permission shall there upon cease and terminate accordingly without prejudice to any remedy of the Government under any covenant or provision herein contained and on the part of the Company to be observed and performed.

Remedies for Breach of Agreement

27.1 If at any time the Company is in breach of any of its obligations under this Agreement, the Government may notify the Company in writing accordingly. If the Company fails to rectify such breach within one month of the receipt of the said notice, or such longer period as Government may in writing allow, then the Government may refer the matter to arbitration in accordance with clause 29 thereof. If upon such arbitration it is determined that the Company is in breach of this Agreement the arbitrator shall direct what steps should be taken to rectify the breach and fix a time within which the Company shall take such steps, and if the Company fails to take the action required within the specified time, then the Government may terminate this Agreement either forthwith, or upon such notice as it considers, in its own absolute discretion, to be appropriate in all the circumstances.

Company to be compensated on termination of Agreement

28.0 On the termination of this Agreement the Government shall have the option to purchase the business of the Company in the Cayman Islands at its fair market value as a going concern (which shall not be less than the net asset value of the Assets of the Company in the Cayman Islands as shown in the accounts prepared in accordance with generally accepted accounting principles and as certified by an independent firm of Chartered Accountants) and any dispute as to valuation may be referred by either party to arbitration in accordance with clause 29 hereof.

28.1 In the event that Government does not wish to exercise its option to purchase the said land and business it will use its good offices:-

- (i) to facilitate the sale at its fair market value of the land and business, and
- (ii) to assist in the transfer of the Licensee's Caymanian staff employed in the Cayman Islands to any purchaser of the land and business upon terms and conditions in general not less favorable than those offered by the Licensee immediately prior to such termination.

28.2 The Company hereby undertakes to divest itself of its land in the Cayman Islands and to transfer its telecommunications business in the Cayman Islands carried on pursuant to this Agreement on the termination of this Agreement.

28.3 For the purposes of this clause "telecommunications business" shall include the benefit of any Agreements and contracts with other carriers in respect of telecommunications traffic between the Cayman Islands and other places, of the joint ownership of submarine cables landed in the Cayman Islands and of other telecommunications facilities reasonable connected with the Company's telecommunications business in the Cayman Islands.

Arbitration

29.0 Any matter which in pursuance of the provisions herein contained is to be determined by arbitration and any other dispute or difference which should arise as to the meaning of the provisions of this Agreement or as to the rights or obligations of either party hereunder shall be referred to arbitration in accordance with the provisions of the Arbitration Law of the Cayman Islands or any then substituting statutory modification or re-enactment thereof.

Notices

30.0 Any notice request or consent (whether expressed to be in writing or not) to be given by the Government under this Agreement may be under the hand of any duly authorized officer of the Government and may be served by sending the same in a registered letter addressed to the office of the Company in the Cayman Islands and any notice to be given by the Company under this agreement may be served by sending the same in a registered letter to the Principal Secretary of the Portfolio for the time being responsible for communications.

Exemptions	31.0	The Company shall have the right to import into the Cayman Islands exempt from customs duty all telecommunications equipment, apparatus and machinery required for its own use in the renewal, provision, operation, repair or extension of its telecommunications installations and business PROVIDED that such exemption shall not extend to vehicles imported for the private use of the Company's employees as part of their terms of employment and that no article imported and exempted shall be sold or otherwise disposed of in the Cayman Islands unless all such duty shall first have been paid thereon.
Company not restricted from transferring money	32.0	The Government shall not unreasonably restrict the Company transferring money for the settlement of international telecommunications accounts with other administrations or to pay for goods and services imported for the telecommunications systems and services the subject of this Agreement and, when profits are made, from transferring such profits to the Company overseas in the appropriate currency.
No discriminatory Taxation	33.0	For the duration of this Agreement the Company shall not, nor shall any of its revenues or property in the Cayman Islands, be subject to any discriminatory taxation.
Company's liabilities	34.0	The Government will use its best endeavors to enact any legislation it considers appropriate to give effect to Article 21 of the International Telecommunications Convention (Nairobi 1982), and will consider extending the provisions thereof so that the Company its servants or agents shall not be liable to any person company or association whatsoever in respect of any claims arising directly or indirectly from the provisions of the telecommunications services the subject of the License other than liability arising directly from the negligent act or omission of the Company.
Marginal notes and applicable law	35.0	The notes inserted in the margin of this Agreement are for convenience of reference only and shall not in any way affect or control the construction of this Agreement or of any provision herein contained and this Agreement shall be construed and interpreted in accordance with the Laws of the Cayman Islands.

SCHEDULE 1

LICENSE FEE

1. The license fee in respect of each twelve months period commencing the 1st of January 1992 shall be the greater of either:-
 - (a) Six per cent of the Company's total revenue in the Cayman Islands for that period, or
 - (b) Twenty percent of the Company's profit in the Cayman Islands for that period, after allowing for administrative and technical support costs not exceeding five percent of total revenue in the Cayman Islands.
2.
 - (i) The payment of the license fee will be on a quarterly basis, payable one month after the end of the relevant quarter.
 - (ii) Each quarterly payment of the license fee will be based upon the quarterly management accounts produced by the Company for that quarter. At the first quarter end after the conclusion of the Company's financial year (31st March) an adjustment will be made to the payment of the preceding financial year to reflect any audit adjustments that were made to the management accounts. If the audit adjustments indicate a balancing settlement by the Government this will be accounted for in the first payment of the new financial year.
 - (iii) The first payment after the commencement of this Agreement will be made after the signing of the audited accounts for the year ended 31 March 1992. This will take place not later than 31st May 1992 and will be based on one quarter of the profit for that year.

For the purposes of this Schedule:

- (a) "Total Revenue" is that revenue accruing to the Company for the provision of services authorized by this agreement after taking into account outpayments to and inpayments from connecting administrations and other parties who participate in the provision of such services and after taking into account uncollectable revenue.
- (b) "Profit" comprises the total revenue received from the provisions of telecommunications services authorized by this agreement less all expenses incurred in the provision of these services as shown in the accounts prepared in accordance with generally accepted accounting

principles in the Cayman Islands and as certified by an independent firm of chartered accounts.

- (c) “Administrative and Technical Support Costs” are the costs of providing technical, financial and administrative support from the Company’s Head Office and other locations of the Cable and Wireless Group.

SCHEDULE 2

**NATIONAL TELECOMMUNICATIONS SYSTEMS
AND SERVICES**

Part 1

All of the following systems and services are exclusive to the licensee, subject to the limitations set out in Part 2 of this Schedule.

1. Wireline Switched and Unswitched Telephone, Text, Data and Video Systems, Services and Products including (but not limited to):
 - a. Public Switched Telephone Network
 - b. Outside plant related to telecommunication
 - c. Local Exchange Carrier
 - d. Inter-Exchange Carrier
 - e. Long Distance Carrier
 - f. Public Telegram Service
 - g. Facsimile
 - h. Telex
 - i. Packet Switching
 - j. Frame Relay
 - k. Videophone and Videoconferencing
 - l. Private Telephone, Text, Data and Video Systems and Services
 - m. Personal Communication Systems and Services
 - n. Public and Private Paystations for example:

- (i) Coin phones
 - (ii) Prepay card phones
 - (iii) Credit Card phones
 - (iv) Call Direct phone
 - (v) Public Facsimile Terminals, Data Access Systems, etc.
 - o. Lightwave Systems and Services, including infrared and other systems inside and outside the visible spectrum.
- 2. Wireless Switched and Unswitched Telephone, Text, Data and Video Systems, Services and Products including (but not limited to):
 - a. Systems and services described under items 1.a. through 1. Above
 - b. Radio Common Carrier
 - c. Systems, services and products involving and/or related to the Company's masts, towers, antennae, or other attachments
 - d. Mobile Telephone Systems and Services including (but not limited to):
 - i. Cellular, CT 2, Telepoint, etc.
 - ii. Trunked Radio Telephone
 - iii. Marine and Aeronautical Services
 - e. Simplex, Duplex and Multiplex Radio Telephone, Text and Data transmission and distribution including (but not limited to):
 - i. HF
 - ii. VHF
 - iii. UHF
 - iv. Microwave
 - v. Satellite
- 3. Enhanced and Intelligent Network Systems and Services including (but not limited to):

- a. Business Group Systems and Services (including Centrex)
 - b. “Magic Touch” Services
 - c. Toll-Free and Audiotext Services
 - d. Virtual Private Networks
4. Operator Systems and Services including (but not limited to):
- a. Directory Inquiries
 - b. Collect and Third Party Billable Calling
 - c. Credit Card Calling
 - d. Operator Assistance
5. “Customer Premises Equipment” and Wiring for Telephony, Text, Data, and Video Systems, Services and Products, on or off customer premises including (but not limited to):
- a. Telecommunication wiring and connection points
 - b. Single and Multi-line Systems including (but not limited to):
 - i. Telephone instruments
 - ii. Answering machines
 - iii. Key systems
 - iv. Private Branch Exchanges (PBX)
 - v. Telex and Telegraph Terminal Equipment
 - vi. Facsimile Terminal Equipment
 - vii. Data Terminal Equipment (DTE) and Data communication Equipment (DCE)

viii. Videoconferencing Equipment

6. Facilities management including (but not limited to):
 - a. Data network hubs
 - b. Data network distribution and terminal equipment
 - c. Air-ground communication systems

7. Systems and Services for audio, text, data and video programme transmission:

In this context, the term “transmission” relates to the transport of these signals, and is not intended to include the production of broadcast audio or television programming. However under this license the Company may provide systems and services to transport or broadcast signals or programming produced by an entity appropriately authorized by the Government.

Part 2

NON-EXCLUSIVE NATIONAL SERVICES

The following limitations upon exclusivity for specific National Systems and Services covered under Part 1 Schedule 2 shall apply –

- 2.d.ii: Trunked Radio Telephone: Non-exclusive.
- 2.d.iii: Marine and Aeronautical Services: Exclusive except as provided for in Article 23.4 and private unswitched, mobile-to-mobile or mobile-to-base networks.
- 2.e.(part): Simplex, Duplex and Multiplex Radio Telephone, Text and Data transmission and distribution including (but not limited to): HF; VHF; UHF; microwave: Exclusive except for Government and private unswitched, point-to-point and mobile networks, which remain non-exclusive.
Satellite: Remains exclusive.

- 5.b.i: Telephone instruments: Exclusive except for single-line instruments, which remain non-exclusive.
- 5.b.ii: Telex and telegraph terminal equipment: Non-exclusive.
- 5.b.v: Facsimile terminal equipment: Non-exclusive.
- 5.b.vii: Data terminal equipment (DTE) and data communication equipment (DCE): Non-exclusive.
- 6: Facilities management: Non-exclusive except for data network distribution, which remains exclusive.
- 7: Systems and Services for audio, text, data and video programme transmission: Non-exclusive for broadcast services.

SCHEDULE 3

INTERNATIONAL TELECOMMUNICATIONS SYSTEMS AND SERVICES

Part 1

All of the following systems and services are exclusive to the licensee, subject to the limitations set out in Part 2 of this Schedule.

1. Wireline Switched and Unswitched Telephone, Text, Data and Video Systems, Services and products including (but not limited to):
 - a. PPT Administration
 - b. Public Switched Telephone Network
 - c. Inter-Exchange Carrier
 - d. Long Distance Carrier
 - e. International Carrier (including Transit Carrier)
 - f. Public Telegram Service
 - g. Facsimile

- h. Telex
 - i. Packet Switching
 - j. Frame Relay
 - k. Videophone and videoconferencing
 - l. Private telephone, Text, Data and Video Systems and Services
 - m. Public and Private Paystations, for example:
 - i. Coin phones
 - ii. Prepay card phones
 - iii. Credit Card phone
 - iv. "Call Direct" phones
 - v. Public facsimile terminals, data access systems, etc.
 - n. Personal Communication Systems and Services
 - o. Lightwave Systems and Services, including Infrared and other Systems inside and outside the visible spectrum
2. Wireless Switched and Unswitched Telephone, Text, Data Video Systems, Services and Products including (but not limited to):
- a. Systems and services described under items 1.a through 1.6 above
 - b. Systems services and products involving and/or related to the Company's masts, towers, antennae, or other attachments
 - c. Mobile telephone Systems and Services including (but not limited to):
 - i. Cellular, CT2, Telepoint, etc.
 - ii. Trunked Radio Telephone
 - iii. Marine and Aeronautical Services
 - d. Simplex, Duplex and Multiplex Analog and Digital Radio Telephone, Text and Data transmission and distribution including (but not limited to):
 - i. HF
 - ii. VHF
 - iii. UHF
 - iv. Microwave
 - v. Satellite

3. Enhanced and Intelligent Network Systems and Services including (but not limited to):
 - a. Toll free and Audiotext Services
 - b. Virtual Private Networks
4. Operator Systems and Services including (but not limited to):
 - a. Directory Inquiries
 - b. Collect and Third Party Billable Calling
 - c. Credit Card Calling
 - d. Operator Assistance
5. Facilities management including (but not limited to):
 - a. Data network hubs
 - b. Data network distribution and terminal equipment
 - c. Air-ground communication systems
6. Systems and Services for audio, data and video programme transmission:

In this context, the term “transmission” relates to the transport of these signals, and is not intended to include the production of broadcast audio or television programming. However under this license, the Company may provide systems and services to transport or broadcast signals or programming produced by an entity appropriately authorized by the Government.

Part 2

NON-EXCLUSIVE INTERNATIONAL SERVICES

The following limitations upon exclusivity for specific International Systems and Services covered under Part 1 of Schedule 3 shall apply-

- 2.c.iii: Marine and aeronautical Services: Exclusive except as provided for in Article 23.4
- 5.b: Facilities management: Data network distribution and terminal equipment: Non-exclusive except for data network distribution, which remains exclusive.

- 5.c: Facilities management: Air-ground communication systems: Exclusive except a provided for in Article 23.4
- 6: Systems and Services for audio and video programme transmission: Exclusive except for reception of broadcast signals, which remains non-exclusive.

SCHEDULE 4

Information to be provided to Government on a request for a rate increase.

- (i) interim or audited Financial Statements of the Company's Operations in the Cayman Islands;
- (ii) expenses by category;
- (iii) investment;
- (iv) revenue by major service category;
- (v) headcount; and
- (vi) service level information.