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August 14, 2006

Mr. David Archbold
Managing Director
Information and Communication Technology Authority
P.O. Box 2502GT
3rd Floor Alissta Towers
Grand Cayman

Dear Mr. Archbold,

Re: TeleCayman allegations regarding Anti-competitive practices

On August 2 2006 Digicel Cayman Limited ("Digicel") received a copy of the Application letter addressed to you by TeleCayman Limited ("TeleCayman") in which TeleCayman makes very serious allegations and unsubstantiated claims that the Agreement between Digicel, Wireless Ventures Cayman Island Limited ("WVCIL"), and Cable and Wireless ("C&W") breaches Section 36 of the ICTA Law. Digicel is left with no alternative but to respond.

The allegations made by TeleCayman are vexatious and are basically a reprise of earlier attempts by TeleCayman to argue for a preferential mobile termination rate for itself. Apparently, the previous two determinations of the Information and Communications Technology Authority ("ICTA") (2005-06 and 2006-01) were somehow not clear to TeleCayman or TeleCayman simply does not wish to accept the outcome.

Digicel will always be an active participant in open and healthy competition. This is embodied in the DNA of this company and the recent past of Digicel throughout the Caribbean gives proof of Digicel's track record when it comes to bringing competition to markets that were previously deprived of choice, competitive pricing and state of the art services and technology. As such, any allegation of anti-competitive behaviour is a source of major concern to Digicel.

Since Digicel has purchased Cingular's activities in Cayman, Digicel now controls WVCIL and therefore we treat the Application as alleging a breach of section 36 of the ICTA Law by Digicel and C&W. As explained below, that complaint has no merit, and therefore, there is no reason for the Authority to open an investigation pursuant to Section 41 of the ICTA Law as requested, or at all.

TeleCayman in the above-mentioned letter claims that section 5 of the Agreement between C&W and Digicel, and WVCIL is anti-competitive 'because parties are deciding amongst themselves what they will charge third parties'. That is a complete misreading of the Agreement. As is apparent from even a cursory reading of Section 5, it only relates to the rates charged by the parties to each other. There is no agreement or understanding as to what the parties will charge TeleCayman, an issue that is for each operator to determine in line with its commercial policy and applicable legal constraints.

Either TeleCayman has deliberately misread the Agreement or, contrary to the established practice of competition agencies the world over and of courts in interpreting competition law provisions, it is attempting to break the essential nexus for the purposes of section 36 between an agreement and the outcome that is being complained about. The Agreement among the Parties was essentially a memorial of three bilateral relationships. Now that WVCIL is under the control of Digicel, it simply an agreement between Digicel and C&W as to the mobile termination rate that they charge each other, how it will change, and connected matters.

In order for Section 36 of the ICTA Law to be implicated there needs to be an agreement among licensees, a concerted practice by them, or a decision as to a collective course of conduct among them relating to the particular behaviour that is impugned. In this case, there is no agreement, concerted practice or decision as to a collective course of conduct between any of the parties to the Agreement as to what they charge third parties (including TeleCayman) for mobile termination services. On this basis alone, the request to the Authority to commence an investigation under Section 41 of the ICTA Law should be rejected.

However, the following additional points are made in aid of the Authority.

Good Faith Negotiations

From the first moment Digicel received a request to enter into negotiations to interconnect with TeleCayman, Digicel has treated that request properly and has always acted in good faith towards TeleCayman. The email that was attached to the letter that TeleCayman sent to the ICTA is just another example of the willingness to engage that Digicel has displayed. It clearly states that Digicel is 'very willing to discuss interconnect with you [read: TeleCayman]' and the person to contact was indicated and telephone numbers and e-mail address were copied for ease of reference.

Since that email, TeleCayman has not, in any shape or form, contacted Digicel's representatives, nor has it asked for any information or even shown a willingness

to start the interconnection negotiations. This leaves the strong impression with Digicel that TeleCayman never really intended to enter into good faith negotiations with Digicel in accordance with section 6 (b) of the Interconnection Regulations.

Cost Orientation

At this very moment, the Authority is still in the middle of the FLLRIC analyses and it will come out with its determination in Mobile Termination Rates soon. In determination 2005-06, the Authority already indicated that it anticipated that the FLLRIC costing methodology will be finalized during the third quarter of 2006. Digicel wishes to point out that under the Agreement that process only relates to the rates to be applied between the parties.

Conclusion

Since there is no agreement, understanding or decision between the parties to the Agreement as to what to rate to apply to third parties, Section 36 is not infringed, and on that basis a Section 41 investigation is not warranted. As stated above the Application is an attempt to raise once more matters previously considered by the Authority. This time it does so in mistaken reliance upon Section 36. As such, it too should be rejected.

Yours sincerely,

“SIGNED”

John D. Buckley
Chief Executive Officer