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LIME

Our ref: GRCCR/GR 15.19
20 March 2009

Mr. David Archbold,
Managing Director,
Information and Communication Technology Authority,
3rd Floor Alissta Towers,
P.O. Box 2502GT,
Grand Cayman. KY1-1104

Dear Mr. Archbold:

Re: Compensation for Development of the FLLRIC Model

Cable and Wireless (Cayman Islands) Limited, t/a LIME ("**LIME**") is writing further to its 17 March 2009 letter requesting an extension of the time to produce a costing module for a 3G network. In that letter, LIME advised the Authority that it would be submitting under separate cover an application for recovery of the costs of developing the 3G model, pursuant to paragraph 51 of Annex 5 of its ICT Licence.

The development of the FLLRIC model has taken much longer than the original estimate of two years set out by the Authority in the 2003 Liberalisation Agreement among LIME, the Authority and the Government of the Cayman Islands. During this time, the bulk of the work required to develop the FLLRIC model for the Authority has fallen upon LIME and, to date, LIME has assumed and internalized the cost of the hundreds of hours of work this has entailed, even though it has had the right under paragraph 51 of Annex 5 of its Licence to apply for compensation. This has been possible as the work has been done by resources employed directly by LIME.

In the case of the 3G costing module, this module was required solely by the Authority, and is not a natural requirement of the Cayman Islands marketplace, where no operator currently operates a "3G" network. Further, the work could not be done in-house, unlike the other work performed by LIME to develop the FLLRIC model for the Authority. In order to minimize costs, we solicited bids from external consultants for the necessary work and selected the lowest bid (US\$ 127,000). However, LIME is not prepared to assume this cost, and allow others to benefit from it, without compensation.

A fresh approach from **Cable & Wireless**

The FLLRIC model will benefit all telecommunications licensees equally. Given that there are six (6) telecommunications licensees operating or planning to operate voice telecommunications networks (LIME, Digicel, TeleCayman, WestTel, Blue Sky Wireless and Infinity Broadband), LIME submits that the costs ought to be divided equally among the six. In other words, each licensee would pay US\$ 21,167 towards the cost of the 3G costing module mandated by the Authority.

LIME notes that, in the interests of administrative simplicity, it maybe easiest if the Authority were to credit LIME's quarterly regulatory fees by US\$ 105,833, and add US\$ 21,167 to the accounts of the other licensees. When LIME has received compensation in this manner, LIME would release its intellectual property in the 3G costing module that the external consultants are preparing, and will allow third parties to use it.

Please do not hesitate to contact the undersigned if you should have any questions.

Sincerely,

Cable and Wireless (Cayman Islands) Ltd. t/a LIME

'Signed'

Darrel Rankine
Vice President Regulatory Affairs

c.c. Anthony Ritch, Country Manager, LIME
Donald Austin, EVP Legal Regulatory and Corporate Affairs, LIME
Camile Facey, Vice President Legal, Regulatory and Corporate Affairs OFC, LIME
Frans Vandendries, Vice President Legal, Regulatory and Corporate Affairs Central, LIME
Deborah Mangan, Legal Advisor, LIME
Interested Parties in CD (2009) - 1