



The Bigger, Better Network.

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November 4, 2009

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

Dear Mr. Archbold,

Re: Interconnect Billing System and MTR

We write to draw your attention to a matter which Digicel has for some time been concerned about and to which Digicel has finally gotten resolution.

The FLLRIC cost calculation model that is being developed for the Cayman Islands is in its final stages.

The mobile termination rates (“MTR”) resulting from the cost model are supposed to reflect the theoretical cost of an efficient mobile operator running a mobile network. As such, all relevant parts and cost components of a mobile network should be addressed in the model. Consequently this should also include the cost of an inter-operator billing system since there could be no functional interconnection in a Calling Party Pays (“CPP”) system without a billing system that would provide the relevant billing information which would be the basis upon which the invoices would be calculated and exchanged between interconnected parties.

As you may know, since the inception of the relationship between Digicel and Cable & Wireless (“C&W”), Digicel has sought direct mobile to mobile (“M2M”) interconnect with C&W. The major stumbling block, in the discussions between Digicel and C&W, has been the cost which C&W has attributed to Digicel for the inter-operator billing system. C&W has consistently maintained that in order to provide Digicel with direct M2M, C&W needed to upgrade its inter-operator existing billing system, the cost of which C&W insists would have to be borne by Digicel (see attached C&W offer - to be deemed as confidential information).

Directors: Denis O'Brien (Chairman), Michael Alberga, Leslie Buckley, Conor O'Dea

The obvious response which Digicel has to the offer from C&W is that such costs should not be borne by Digicel under the guise of a “joining service” since it is part of the basic functions of any telecommunications network. In any event where there is an MTR derived from a cost calculation model, as is the case in EC, such MTR should by necessity include the cost of an inter-operator billing system. Digicel believes that such an inter-operator billing system is not included in the model C&W used.

The practical outcome of such a finding is therefore as follows:

1. The cost of an inter-operator billing system has to be included in the model and as a consequence of this the MTR will be increased to cover such costs. The conclusion is that a model which does not include inter-operator billing system costs will generate an MTR which clearly under-compensates the mobile carriers (even the theoretically most efficient operator which the model is supposed to reflect) and as such is illegal;
2. The ICTA must reassess the model and include an inter-operator billing system; and
3. The cost of the IT/billing system, claimed by C&W to provide direct M2M, has to be removed from C&W's M2M offer.

Point 3 will be referred to you in a separate action and as such only included here for reference.

Yours truly,
Digicel (Cayman) Limited



Victor Corcoran
Chief Executive Officer