

ITECH BERMUDA LTD

Unit 4 Oceans Sands Drive

The Bermuda Regulatory Authority

Cumberland House 1 Victoria Street Hamilton HM 11 Bermuda

DEAR, MR. WATSON, MASTERS & WELLS

On behalf of my CEO Mr. Brown and I, we would firstly like to take this opportunity to thank you for meeting with us last week Thursday morning in the RA's board room. From our perspective the meeting was very informative as to the status of the current regulatory environment in Bermuda as it relates to the acquisition and the reallocation of high demand spectrum. This letter serves as our exparte notice. Please review the bullets points listed below as to the information we presented and discussed during our meeting dated Thursday the 13 of August 2015 in the RA's board room. In attendance in the meeting for iTech, CEO Mr. Wendell Brown, COO Mr. Tulani Bulford. Representing the Bermuda Regulatory Authority were CE Mr. Robert Waston, Legal Advisor Mr. Kyle Masters, CTO Mr. Michael Wells.

- CEO for iTech opened discussion asking for clarification as the status of the reallocation and acquisition of the high demand spectrum as it relates to timeliness for iTech being able to concretely be able to set forth to complete our build out plans. iTech CEO further stated that the timeliness for acquiring spectrum is continually getting pushed back to our detriment and dismay.
- COO for iTech asked whether the RA want a "third player" in the Bermuda mobile market. From iTech's perspective the delays in the high demand spectrum acquisition has affected us severely due to the two incumbents Digicel and Key Tech group respectively consolidating their holds on the ever shrinking local telecoms market. iTech's COO elaborated on the fact that the whole process for regulatory reform being a benefit to the Bermuda consumers has had the opposite effect due to the market experiencing what can be labeled as a duopoly through the recent acquisitions of the two incumbents. One such acquisition by Digicel namely BTC was used as a reference point. COO for iTech stated that due to BTC having fiber to nearly every home in Bermuda, it was iTech's position that Digicel should not be given any large amounts of HD spectrum because their needs and capacity did not justify further spectrum allowances.
- The RA's legal advisor opened up the reply to iTechs quires by stating the recent newly released Regulatory Authority document labeled "Consultation on the Criteria and Procedures for Assigning High Demand Spectrum" answers all of our questions in

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relations to firm timeliness and deliverables in terms of what the RA will be basing their decisions on. He added the Minister of Business Development through **GOVERNMENT FEES AMENDMENT (NO. 4) REGULATIONS 2014** which will allow new entrants spectrum license fee tax relief to the tune of 6 months to further stimulate the creation of new entrants to the local telecoms market. The RA's CTO added by stating that the consultation paper clearly spells out the process as to how carrier's submissions for spectrum allowances will be judged. As an example he stated iTech being a new entrant offering new and/or innovative services will be able to seek an award of extra points as spelled out in the consultation document and upon receiving all submissions the RA will then grant additional spectrum based on the criteria in the final Request for Application document currently being consulted upon. This thorough assessment will assess the individual needs and plans of applicants in relation to the Bermuda market needs the RA's CTO further stated. iTech's COO replied stating that iTech will be the first totally new network in Bermuda in the last 15yrs and hence will need the full support of the RA to make this a reality.

- The RA's CTO stated from the RA's position that there should be opportunity for a third player to enter the mobile space if a proper application can be made. The points system as he stated in the consultation document will help to alleviate all of our concerns. CTO for RA stated they believe the HDS-1 process will be completed within the timeframe set out in the consultation. The CE for the RA stated that the spectrum release process had been delayed in part as a result of litigation in the Supreme Court by another local carrier. Hence the court battle in Supreme Court had taken additional time which was beyond the control of the RA. Now that the Supreme Court matters have ended the RA are on track to now complete the process of assigning and reallocating the HD spectrum to interested and worthy carriers. The CTO for the RA concurred and stated that the RA anticipated that a third carrier would want to enter the market.
- The RA's Legal Advisor asked iTech to ensure that it provided written comments to the consultation for the Authority's consideration during the consultation phase.
- iTech's CEO thanked the RA executive for clearing up a few issues as it relates to the time lines for new spectrum acquisitions constantly getting pushed back. iTech's CEO further stated we now understand the RA's position.
- We closed the meeting promptly thereafter.

SINCERELY,

Tulani O. Bulford

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