

February 15, 2013

Mr. Philip Micallef
Secretary for the Regulatory Authority of Bermuda
(sent via email to pmicallef@rab.bm)

Subject: Submission regarding ex parte communications during the course of a public consultation in compliance with section 73 of the RA Act

Dear Mr Micallef

On February 12, 2013, representatives of Bermuda Digital Communications Ltd. (“BDC”) and Atlantic Tele-Network, Inc. (“ATN”), which owns a minority interest in BDC, met with external consultants to the Regulatory Authority. The meeting was held to discuss the pre-consultation evidentiary submission made by BDC on November 21, 2012 regarding the tentative proposal that BDC should be deemed to have Significant Market Power (“SMP”) in various market sectors in Bermuda. Attending the meeting in person were Mr. Douglas Minster, Vice President of Government and Regulatory Affairs of Atlantic Tele-Network, Inc., as well as Dr. Jeffrey Eisenach and Mr. Kevin Caves of Navigant Economics LLC. Attending the meeting by telephone were Mr. Kurt Eve, CEO of BDC, Mr. Frank Amaral, COO of BDC, Mr. Paul Bowersock, President of International Operations of ATN, and Mr. Robert Aamoth of Kelley Drye & Warren LLP. The external consultants were represented by Dr. David Gabel (in person) and Ann LaFrance, Esq. of Squire Sanders (by telephone).

During the meeting, BDC distributed a power-point slide which contained confidential materials. BDC has previously sought confidential treatment for these materials in connection with its November 21, 2012 submission, and BDC renews its request for confidential treatment regarding these materials in connection with the February 12, 2013 meeting. As a result, BDC is providing two versions of the slide presentation, one marked “Contains Confidential Information”, which contains the confidential information and another marked “Public Version – Confidential Information Redacted” in which the confidential information has been removed. BDC requests that only the Public Version be posted on the Regulatory Authority’s website or otherwise made publicly available.

At the meeting, BDC presented and discussed evidence showing that it does not hold SMP in any Bermuda market sector. In particular, the parties discussed the extent to which

competitors have engaged in rivalrous behavior, the investment performance in the mobile sector to date, the change in market shares over time, the feasibility of entry within a relevant time horizon, recent price declines in the mobile sector, and the extent to which new infrastructure investment to implement LTE lowers barriers to entry. Further, BDC showed that designating it as having SMP would establish barriers to further infrastructure investment, including LTE, and that mandatory infrastructure sharing obligations in the Bermuda market through a dominant-carrier regime would be costly, time-consuming and risky. BDC recommended that the Regulatory Authority not seek to prejudge Bermuda's dynamic market structure at this time, but instead allow market conditions to evolve under the new statutory regime for some period of time without *ex ante* dominant-carrier restrictions, and to consider the SMP designation in mobile markets, if at all, only at a later time after the dust has settled and the Regulatory Authority has a clearer perspective regarding the new mobile market structure that will take shape.

Please address any inquiries to the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to read "Frank Amaral", written over a horizontal line.

Frank Amaral

Chief Operating Officer

Bermuda Digital Communications Ltd