

Press Release.

Landline | Internet | Mobile | Entertainment

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The logo for LIME is displayed vertically in a large, bold, black, sans-serif font. The letters are stacked from top to bottom: L, I, M, E.

Seeking at least J\$100-million...
LIME SUES DIGICEL FOR OVERCHARGING
Asking court to protect landline customers from Digicel's discriminatory pricing

October 27, 2009: LIME (CWI's Caribbean business) has taken legal action as part of its ongoing efforts to get Digicel to lower the rates Digicel charges LIME for its landline customers to call Digicel mobile phones.

LIME's suit was filed yesterday in the Supreme Court.

In addition to its petition against Digicel's anti-competitive pricing practices, LIME is seeking to recover damages of more than J\$100 million which it has already lost because of Digicel's pricing structure.

In January 2009, Digicel started to charge LIME's landline customers as much as \$8.50 per minute to call Digicel mobile customers while charging its own landline customers only \$4 per minute for comparable calls, i.e. to the same Digicel mobile customers. LIME is maintaining that Digicel, by setting a much higher termination rate for LIME to pay when its landline customers call Digicel mobiles, has imposed discriminatory pricing and/or a margin squeeze, and that Digicel is acting in an anti-competitive manner.

"As things stand now, before LIME even looks to cover its own costs to set up a call from a landline to a Digicel mobile customer it has to cover Digicel's termination charge which, depending on the time of day, may range from \$6.48 per minute for a local peak time call, to \$4.76 for a local off-peak call. It is therefore impossible for us to cover our costs and meet or beat Digicel's \$4.00 retail rate," said LIME's Country Manager, Geoff Houston.

In February 2009 LIME filed a complaint with the Fair Trading Commission, (FTC) however to date, the FTC has failed to curb Digicel's behaviour. LIME has therefore been forced to invoke its rights under the Fair Competition Act and has taken Digicel to Court in an effort to protect its landline customers from Digicel's discriminatory pricing.

"It seems Digicel wants LIME's landline customers to subsidize Digicel's business landline service because Digicel charges its business customers a retail rate of \$4.00 to call Digicel mobile customers, but then it imposes wholesale rates on LIME which are up to 62% higher to call those same Digicel mobile customers. By doing this, Digicel makes it impossible for LIME or any other fixed provider – whether new or existing – to compete against it," Mr. Houston explained.

LIME maintains that because Digicel has, by far, the highest number of subscribers, customers of other service providers must call Digicel's network. Therefore Digicel can set high call

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charges which other network operators cannot avoid paying nor are they in a position to discount their own rates to match Digicel's.

Mr Houston added: "It is blatantly clear that Digicel is using its immense market power to execute an anti-competitive strategy which, if not constrained by the relevant competition authority or the Courts, will ultimately be to the detriment of the local telecommunications industry and the Jamaican consumer.

"It is widely accepted by competition authorities that when a company has more than 50% of the customers in a market it can be considered dominant. Digicel now has more than 70% of the country's mobile customers and about 65% of all telephone customers -- so it's safe to say that they are dominant. And while there is nothing wrong with dominance in itself, the problem is that Digicel is now abusing that dominance," Mr. Houston continued.

"Digicel has long played on its beginnings as a new entrant and LIME's history as a monopoly, but this story is now ridiculously out of date. The fact is Digicel started operations in 2001 so the "new-kid-on-the-block" claim does not reflect current market realities. Digicel now has the majority of the mobile market and it appears that they are determined use their market position to the detriment of Jamaican consumers and competition. LIME is asking the courts to prevent this," Mr. Houston concluded.

About LIME

LIME (Landline, Internet, Mobile, Entertainment) is the Caribbean's leading telecommunications company, focused on building products and services that make Caribbean people's lives better. LIME's aim is to deliver the best communication services across the board, full stop. LIME is part of Cable & Wireless, one of the world's leading international communications companies.

About CWI Group

CWI Group (formerly International) is an owner and operator of market-leading telecoms businesses. Headquartered in London, we operate through four regionally-based business units – the Caribbean, Panama, Macau and Monaco & Islands. We are a full-service telecommunications provider offering mobile, broadband, and domestic and international fixed line services, as well as enterprise and managed service telecom solutions.

Our mission is to develop a portfolio of world class telecom businesses. Our businesses will be world class in terms of the products we offer; the service levels we provide; the training, career development and motivation levels of our people; and our financial performance. We aim to attain leadership in all of our product categories and markets.

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