

Interim License
To Provide Data Services, Internet Services and Certain Other
Telecommunications Services without any right to Use Radio
Frequencies in the Republic of Lebanon

Issued by the Telecommunications Regulatory Authority
of the Republic of Lebanon

under Telecommunications Law No. 431 of 2002

to

[Name of Licensee]

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The Telecommunications Regulatory Authority of the Republic of Lebanon (the "**TRA**") is charged with licensing certain providers of telecommunications services in Lebanon under Telecommunications Law No. 431 of 2002 (the "**Telecommunications Law**").

[Name of Licensee] ("**Licensee**") was previously issued a license (the "**Former License**") to provide certain telecommunications services by the Republic of Lebanon, and such license expired on 4 April 2008 in accordance with Article 48(1) of the Telecommunications Law.

The TRA intends in the near future to launch a consultation process leading to the establishment of the licensing framework and one or more new categories of licenses that will include the provision of data services, Internet services, private line services, leased line services and/or certain other telecommunications services in Lebanon (collectively, the "**New Licensed Services**").

In developing and implementing its licensing plans for the New Licensed Services, the TRA is committed to equal opportunity, competition, market transparency, modernization of telecommunications equipment and networks, rational and efficient use of the radio frequencies spectrum, consumer protection, and broad population coverage. Consistent with these goals and the other requirements of applicable law, the TRA intends to offer Licensee an opportunity to apply for a license to provide the New Licensed Services with a view, if Licensee (or a consortium of which it is a member) is a successful applicant, to continue providing the telecommunications services it has been providing under the Former License under a longer term arrangement.

Because the Former License has expired by operation of law, the TRA is issuing this Interim License to Licensee on an interim basis to provide Licensee with continuing authority to provide services pending completion by the TRA of the consultation and licensing processes for the New Licensed Services.

Accordingly, pursuant to Telecommunications Law No. 431 of 2002, the TRA hereby issues an interim license (this "**Interim License**") authorizing Licensee to provide Licensed Services (as defined herein) in the Licensed Territory (as defined herein) during the Interim License Term (as defined herein), upon and subject to the terms, conditions and obligations set forth herein and in the annexes attached hereto.

1. DEFINITIONS AND INTERPRETATION

1.1 In this Interim License, the following terms have the following meanings:

"**Interim License**" has the meaning set forth in the preamble.

"**Interim License Term**" has the meaning set forth in Clause 2.1.

"**Former License**" has the meaning set forth in the preamble.

"**Licensed Services**" has the meaning set forth in Clause 3.1.

"Licensed Territory" means the territory of the Republic of Lebanon.

"Licensee" has the meaning set forth in the preamble.

"National Security Laws" means Lebanese laws related to national security (including Law No. 140 of 1999), and related regulations, procedures and directives.

"Network" means a system of interconnected facilities and software designed to transport information and provide telecommunications services.

"New Licensed Services" has the meaning set forth in the preamble.

"Person" means a natural person or any entity with legal personality.

"Regulation" means any decree, directive, decision, regulation, guideline, order, technical specification, statement or other written action of the Council of Ministers, Minister of Telecommunications or TRA, acting from time to time pursuant to powers under the Telecommunications Law.

"Telecommunications Law" has the meaning set forth in the preamble.

"Telecommunications Legislation" means the Telecommunications Law and Regulations.

"TRA" has the meaning set forth in the preamble.

- 1.2 Unless otherwise defined in this Interim License, all terms defined in the Telecommunications Legislation have the meanings and interpretations set out therein, whether or not capitalized herein.
- 1.3 All references in this Interim License to laws, regulations, decrees or other legal instruments include existing or future modifications, amendments, replacements, re-enactments and/or substitutions for the same.
- 1.4 In this Interim License, words importing the singular include the plural and vice versa, and use of any gender includes any and all genders.
- 1.5 Every provision of this Interim License is separate and severable, so that if any provision is held invalid, unenforceable or illegal for any reason, the remainder of this Interim License will remain in full force and effect.
- 1.6 In this Interim License, the term "including" will be deemed to be followed by the phrase "without limitation," "but not limited to" or words of similar import.

2. INTERIM LICENSE TERM

- 2.1 This Interim License is effective for a term (the “**Interim License Term**”) beginning 5 April 2008 and continuing through the earlier of (a) 31 December 2008 or (b) such earlier date as the TRA may specify (with the intention being that this Interim License will expire contemporaneously with the initial issuance of licenses to provide the New Licensed Services) provided the TRA gives Licensee at least 60 days prior notice, unless extended under Clause 2.2 or terminated early under Clause 8.
- 2.2 The TRA reserves the discretion to extend this Interim License for one or more additional periods from time to time up to the maximum period permitted under the Telecommunications Law, which discretion the TRA may exercise in case of any delay in the licensing process for the New Licensed Services beyond 31 December 2008 or for other reasons.
- 2.3 Licensee will not be entitled to any compensation on expiration or earlier lawful suspension, termination or revocation of this Interim License, whether under this Clause 2, under Clause 8 or otherwise.

3. LICENSED SERVICES

- 3.1 Licensee is authorized on a non-exclusive basis to provide the following telecommunications services (the “**Licensed Services**”) within the meaning of the Telecommunications Law, as the same may hereafter be more fully defined or interpreted by the TRA in Regulations or otherwise, on a retail and wholesale basis in the Licensed Territory during the Interim License Term:
 - 3.1.1 data services;
 - 3.1.2 Internet services;
 - 3.1.3 private line services;
 - 3.1.4 leased line services;
 - 3.1.5 backhaul telecommunications services (but not to provide wholesale backhaul telecommunications services across its own Network to other service providers);
 - 3.1.6 delivery over Licensee’s Network of any text, sounds, images, audio and video programming (broadcast, on demand and/or interactive), information, data or other content and related information services; and
 - 3.1.7 any other services falling within the scope of Article 19(2)(g) of the Telecommunications Law as determined by the TRA from time to time;

but expressly excluding basic telephony services, mobile telephone services, international telephone services (or international public voice services) and other categories of services falling within the scope of Article 19(1) of the Telecommunications Law.

4. [INTENTIONALLY LEFT BLANK]

5. LICENSED FACILITIES

5.1 To provide Licensed Services, Licensee may, subject to the Telecommunications Legislation:

5.1.1 construct, install, purchase, lease, own, operate and maintain a Network, alone or jointly with others, but excluding any new construction of intercity or backbone Networks or any facility-based international gateway nodes; and

5.1.2 interconnect its Network with any Network within the Licensed Territory.

6. FEES AND OTHER PAYMENTS

6.1 Licensee will promptly pay the fees and other payments set forth in Annex B in accordance with the terms and conditions set forth therein.

6.2 If Licensee defaults in making payment under this Interim License, then Licensee will pay interest on past due amounts from the date due through the date paid, which interest will accrue from day to day and be calculated on the actual number of days elapsed in a 365-day year. The applicable rate of interest will be such default interest rate as may be published by the TRA in the Regulations from time to time. Licensee's obligation to pay, and the TRA's and Republic of Lebanon's right to collect, interest on late payments is without prejudice to (a) the TRA's right to revoke this Interim License or take any other corrective action for non-payment and (b) all other liabilities and damages that may be imposed on the Licensee as a result of its breach of the Interim License terms and conditions.

6.3 Licensee must supply the TRA with the periodic financial information necessary to compute the fees and payments set forth in Annex B in accordance with Clause 6 of Annex A.

7. AMENDMENT

7.1 Any provision in this Interim License may be amended by the TRA:

7.1.1 if Licensee is in material breach of or default under one or more terms of this Interim License or the Telecommunications Legislation and such breach or default has not been cured; or

7.1.2 if the TRA delivers to Licensee the notice under Clause 7.2.

- 7.2 Before amending this Interim License under Clause 7.1.2, the TRA must notify Licensee:
 - 7.2.1 stating that it proposes to amend this Interim License and setting out the text and effect of such amendment;
 - 7.2.2 specifying its reasons for making such amendment; and
 - 7.2.3 stating the time (being not less than 30 days after the notice is given) during which Licensee may submit comments on the proposed amendment.

8. TERMINATION

- 8.1 This Interim License may not be terminated prior to the expiry of the Interim License Term except in accordance with Clauses 8.2 or 8.3 below.
- 8.2 This Interim License may be terminated by the TRA if Licensee and the TRA agree in writing to terminate this Interim License.
- 8.3 This Interim License may be revoked by the TRA as set forth in Clause 8.4 or the applicable provisions of the Telecommunications Legislation if:
 - 8.3.1 The TRA determines that Licensee has committed a serious violation or repeated violations of the terms and conditions of this Interim License, the Telecommunications Legislation, the National Security Laws or any other applicable laws and regulations; or
 - 8.3.2 Licensee enters into liquidation, bankruptcy, or equivalent proceedings.
- 8.4 In order to revoke this Interim License on the grounds specified in Clause 8.3, the TRA will:
 - 8.4.1 notify Licensee in writing of its intent to revoke this Interim License and the specific incident(s) or circumstance(s) that constitutes the basis for such revocation; and
 - 8.4.2 confirm that the basis for revocation, if deemed curable by the TRA, has not been cured or remedied within 30 days after receipt by Licensee of such notice, except in circumstances that, in the TRA's discretion, warrant immediate revocation without affording Licensee an opportunity to cure.

9. CONTINUITY OF SERVICE

- 9.1 Licensee must comply with the reasonable directions of the TRA to ensure continuity of Licensed Services for Licensee's customers over Licensee's Network upon termination or expiry of this Interim License, unless Licensee has been issued or designated to receive a license to

provide New Licensed Services at the end of the Interim License Term and intends to continue providing services that include or are similar to the Licensed Services. Such compliance must include Licensee allowing:

- 9.1.1 continued use of Licensee's Network; and
- 9.1.2 continued access by Licensee's customers to Licensed Services.
- 9.2 In giving directions under Clause 9.1, the TRA must provide for Licensee to be compensated by the successor provider for costs that are reasonably for the account of such successor.
- 9.3 If the TRA determines that Clause 9.1 is inadequate to ensure continuity of service, then the TRA may require the sale of Licensee's Network and related assets on reasonable commercial terms to ensure such continuity.

10. SUSPENSION OF INTERIM LICENSE, FINES AND OTHER PENALTIES

- 10.1 If Licensee breaches or defaults under this Interim License, the Telecommunications Legislation or the National Security Laws, without prejudice to the authority of the TRA to revoke this Interim License under Clause 8.3, the TRA may take any actions and/or impose any penalty or fine authorized by the Telecommunications Legislation, including Articles 40 and 41 of the Telecommunications Law, and the TRA may suspend this Interim License in whole or in part, and impose a fine in such amount as the TRA determines to be proportionate to the gravity of the breach or default.
- 10.2 Licensee will promptly pay or otherwise comply with any penalty, fine or other restriction or requirement imposed by the TRA in accordance with Clause 10.1 above.
- 10.3 Any termination or suspension of this Interim License is without prejudice to the rights and remedies of the TRA under this Interim License, the Telecommunications Legislation or any law as at the date of termination, and Licensee will not in such cases be entitled to a refund of any fee, contribution or other amount paid.

11. EXCEPTIONS AND LIMITATIONS

- 11.1 Licensee will be excused from compliance with this Interim License if and to the extent:
 - 11.1.1 such non-compliance is caused primarily and directly by any of the following events (each a "**force majeure**"), in each case, beyond the reasonable control of Licensee: (i) act of God; (ii) confiscation or expropriation; (iii) insurrection, war or military operations; or (iv) requirement or restriction of governmental authorities (but, for the avoidance of doubt, excluding any determination of the TRA) by which,

or as a result of which, it is illegal for a party to observe or perform an obligation under this Interim License or which frustrates the observance or performance of that obligation; and

11.1.2 as soon as possible, Licensee notifies the TRA of the force majeure (the nature of which will be specified in the notice) and the excused obligation (the nature of which will also be specified in the notice).

11.2 Licensee will not be entitled to the benefit of Clause 11.1 to the extent:

11.2.1 the force majeure was caused by, or reasonably could have been prevented, mitigated or remedied if it were not for the negligence or misconduct of Licensee;

11.2.2 the force majeure was caused by, or reasonably could have been prevented if it were not for, a failure or omission of Licensee, and Licensee has failed to mitigate or remedy the event relied upon, and to resume the observance or performance of the particular obligation, with reasonable dispatch;

11.2.3 the force majeure was caused by Licensee's lack of funds; or

11.2.4 the excused obligation may reasonably be observed or performed notwithstanding the force majeure.

12. ASSIGNMENT, TRANSFER, CHANGE OF CONTROL, SUBCONTRACTING

12.1 Without the prior written approval of the TRA and compliance with the Telecommunications Legislation, Licensee may not:

12.1.1 assign, pledge or otherwise transfer to another Person this Interim License or any rights under it;

12.1.2 dispose of its Network or substantially all of its assets; or

12.1.3 issue, or permit or suffer the transfer of shares in Licensee or other transaction which would have the direct or indirect effect of causing the transferee to acquire (directly or indirectly) (i) 10% or more of Licensee's share capital, voting rights or securities; or (ii) the ability to control the business and affairs of Licensee or to direct or cause the direction of management, whether by ownership, contract or otherwise, of Licensee.

12.2 Licensee may, without the prior written approval of the TRA, exercise any of its rights or obligations hereunder, whether related to its Network or this Licensed Services, by subcontracting to other Persons.

12.3 Notwithstanding any other provision of this Interim License and any arrangement it may enter into with any other Person relating its privileges

or obligations under this Interim License, Licensee remains subject to, and retains full responsibility and liability for, all obligations under this Interim License and the Telecommunications Legislation.

- 12.4 Licensee will notify the TRA in advance of the material terms of any proposed transaction described in Clause 12.1.1, 12.1.2 or 12.1.3, including any information that may be reasonably requested by the TRA. The TRA will approve or reject any such transaction within 30 days after being notified thereof. Any such transaction that is attempted without the prior written approval of the TRA will be deemed an unlawful assignment of this Interim License and in breach of the terms and conditions herein, whereupon the Interim License will be subject to revocation by the TRA.
- 12.5 Without limiting the foregoing, the TRA may reject any proposed transaction subject to Clause 12.1 as the TRA deems appropriate, taking into account in its sole discretion:
 - 12.5.1 the effect on the competitiveness of the relevant market;
 - 12.5.2 matters of national security; and
 - 12.5.3 any other considerations deemed relevant by the TRA under applicable laws.

13. COMPLIANCE WITH LAWS AND REGULATIONS

- 13.1 Licensee must observe all applicable laws and regulations of the Republic of Lebanon, including the Telecommunications Legislation, National Security Laws, competition laws and laws for the protection of environmental conditions and of classified tourist and historical sites.
- 13.2 Nothing in this Interim License relieves Licensee from any of its obligations under applicable laws and regulations and/or any of its obligations to obtain any other licenses, permits or approvals that may be required under any law or regulation in force in the Republic of Lebanon.

14. GOVERNING LAW; DISPUTE RESOLUTION

- 14.1 This Interim License will be governed by and construed according to the laws of the Republic of Lebanon and all disputes will be subject to the exclusive jurisdiction of the TRA and the Lebanese courts as provided for in the Telecommunications Law.

SIGNED BY:

Chairman and CEO
Telecommunications Regulatory TRA
Date: _____

Annex A

REGULATORY CONDITIONS

Licensee must comply with the following regulatory conditions and all Regulations as the same may be amended from time to time by the TRA:

1. Price regulation

- 1.1 Licensee will submit to the TRA all current prices and non-price terms and conditions on which it provides Licensed Services.
- 1.2 If Licensee is designated under the TRA's SMP Regulation as a provider with significant market power in any relevant market, then its prices for Licensed Services in such market, as well as any proposed changes or the introduction of new prices or price packages, will be subject to approval of the TRA prior to taking effect.
- 1.3 While Licensee is not a provider with significant market power in a relevant market, its prices in such market will take effect at its discretion without respect to their filing with the TRA.

2. Provision of Services for Resale

- 2.1 If the TRA determines that Licensee is a provider with significant market power in a relevant market under the Telecommunications Legislation, then the TRA may require Licensee to offer Licensed Services in such market at wholesale for resale by other providers to retail customers.
- 2.2 Any obligations imposed under Clause 2.1 of this Annex A will be consistent with the Telecommunications Legislation and may include entering into (i) an agreement with a provider to make network capacity on Licensee's Network available to that provider, or (ii) an agreement with a provider to provide any other telecommunications services. Licensee will ensure that any such agreement is offered on reasonable terms and conditions. If Licensee and such provider are unable to reach an agreement, either provider may request that the TRA make a determination of reasonable terms and conditions to be included in such an agreement, and Licensee will comply with such determination.

3. Network Facility Sharing

- 3.1 Licensee will comply with any Regulation related to the sharing of facilities or property comprising its Network. In addition, the TRA may impose on Licensee further specific obligations related to network access and facility sharing, but only if the TRA determines that Licensee is a provider with

significant market power in a relevant market under the Telecommunications Legislation.

- 3.2 Licensee will share infrastructure whenever and wherever mandated by the TRA in accordance with the Telecommunications Legislation. If the TRA considers it necessary for Licensee to share infrastructure with other providers in designated areas in the national and/or public interest or otherwise, the TRA will inform Licensee and the affected providers accordingly so that they can make the necessary arrangements.

4. Interoperability and Technical Standards

- 4.1 Licensee will comply with all applicable Telecommunications Legislation to ensure interoperability of its Licensed Services and Network with telecommunications services and Networks operated by other providers.
- 4.2 Licensee will ensure that all its Network equipment complies with the Telecommunications Legislation.

5. Interception, Public Rescue and Emergency Services

- 5.1 Upon request of the TRA and at the cost of the Republic of Lebanon, Licensee will install a state-of-the-art lawful interception system including the configuration and enabling of Licensee's network components, effective monitoring equipment and delivery to the Republic of Lebanon of the lawful interception point of interconnection that will be operated at the sole discretion of and cost to the Republic of Lebanon without any intervention, help, knowledge or assistance from Licensee.
- 5.2 Any connection to the Network for the purpose of intercepting information will be performed in compliance with all applicable laws.
- 5.3 Licensee will in a state of emergency and upon the request of the Republic of Lebanon permit the Republic of Lebanon designees to use part or the whole of Licensee's Network and services during such state of emergency on a priority basis.

6. Accounting and Audit Requirements

- 6.1 At such intervals as the TRA may prescribe, Licensee will deliver to the TRA such financial documents and records, including audits, as the TRA may determine are necessary to confirm that Licensee is correctly reporting its revenues and other financial results for the purposes of its payment obligations under this License.
- 6.2 The TRA may impose additional accounting requirements on Licensee including if the TRA determines that Licensee has significant market power in a relevant telecommunications market, and Licensee will comply with all such requirements.

7. Anti-competitive behavior

- 7.1 Licensee will not enter into any agreement or arrangement that in any way has the object or effect of preventing or restricting competition in relation to the operation of its Network or the provision of telecommunications services by Licensee or any provider.
- 7.2 Licensee will not show undue preference for, or exercise undue discrimination against, any Person or class of Persons in the price and performance characteristics of its Licensed Services or the terms and conditions under which such services are provided. In particular, Licensee will not give any undue preference to, or receive an unfair advantage from, a business carried on by it or an associated or affiliated company, service or Person. Licensee will not engage in any activity that could place a competing provider at an unfair competitive disadvantage or prevent or restrict competition in one or more markets.
- 7.3 Licensee will provide its services on a non-discriminatory basis to any Person seeking to obtain such services and pay Licensee's published price unless Licensee demonstrates reasons acceptable to the TRA (commercial or technical) as to why it should not be required to provide such service on such a basis.

8. Requirement to Provide Information and Permit Inspection

- 8.1 Licensee will maintain and provide to the TRA in a timely manner upon request any periodic report, statistics and other data or information reasonably required by the TRA to supervise and enforce effectively the terms of this Interim License and carry out its functions under the Telecommunications Legislation, including information relating to the operational, financial, administrative and technical aspects of its Network and on access to and use of the Network and its Licensed Services. Licensee will notify the TRA of any changes to such information in advance of implementation.
- 8.2 Without prejudice to the TRA's rights of inspection under the Telecommunications Law, Licensee will permit the TRA, at its reasonable request and on reasonable notice, to inspect Licensee's premises, facilities, files, records and other data to enable the TRA to perform its duties under the Telecommunications Legislation.
- 8.3 The TRA may use and disclose any such information provided to the TRA as it deems fit, provided that if the TRA discloses such information it will either (a) do so on an aggregate basis so that Licensee's business, commercial and financial affairs remain confidential or (b) otherwise take steps to ensure that such disclosure will not adversely affect Licensee's lawful business, commercial or financial affairs.

- 8.4 Licensee must ensure that any information it provides to the TRA, whether pursuant to this Interim License or any provision of the Telecommunications Legislation, is true, accurate and complete.

9. Environmental Protection

- 9.1 Licensee will take steps with respect to the construction, installation, operation and maintenance of its Network and all equipment to minimize harm to the environment within the Republic of Lebanon.
- 9.2 Licensee will comply with all Lebanese environmental laws and regulations.

10. Consumer Protection

- 9.1 Licensee will not engage in any unfair or deceptive practices in its dealings with consumers and will comply with all applicable laws and regulations regarding consumer protection, including, when effective, the TRA's Regulations for the protection of consumers.

Annex B

FEES AND PAYMENTS

1. Annual Interim License Fee and Revenue Share

- 1.1 During the Interim License Term, Licensee will pay to the Republic of Lebanon, represented by the Ministry of Telecommunications, 20% of Licensee's annual gross revenue according to its audited financial statements, where “**gross revenue**” means the total revenue realized by Licensee from the provision, directly or indirectly, of Licensed Services within the Licensed Territory *less only* amounts paid by Licensee to other domestic or foreign providers (including for the avoidance of doubt the Ministry of Telecommunications until the establishment of Liban Telecom as a commercial entity) for interconnection and access services.
- 1.2 Clause 1.1 of this Annex B shall not apply if Licensee only provides Internet services from its network operation center (“NOC”) to the worldwide Internet network.
- 1.3 The revenue share (if any) payable under Clause 1.1 of this Annex B will be due at such times as the TRA may designate by written notice to Licensee, provided that the TRA will ensure that the transitions from the Former License to this Interim License and any subsequent license for New Licensed Services are handled in such a manner that Licensee pays for all periods and does not pay twice for any period, including by use of true-up calculations and payments as and if necessary.

2. Universal Service Contributions

- 2.1 Licensee will contribute to any universal service/access funds that may be established and maintained by the TRA in such amount and on such date as may be required from time to time by any Regulation promulgated under Article 26 of the Telecommunications Law.

3. Changes to Fees and Payments

- 3.1 The fees and payments required to be paid under this Annex B are subject to increase or decrease as provided herein and in accordance with the relevant Telecommunications Legislation.