Jeffrey J. Prosser
P.O. Box 5227
St. Croix, U.S. Virgin Islands 00823
Tel: 561-346-6328
Fax: 561-655-5524
jjprosser@aol.com

November 10, 2009

Chairman Joseph Boschulte
Virgin Islands Public
Services Commission
Barbel Plaza Suite 4
1003 Estate Ross
St. Thomas, USVI 00804

Re: VIPSC Docket No. 582 Change of Control Proceeding

Dear Chairman Boschulte:

Further to my letter of November 5, 2009 regarding my objection to, and request for hearing on, the transfer of control of Vitelco and the Innovative Cable TV entities and their respective franchises from Innovative Communication Corporation ("New ICC") to National Rural Utilities Cooperative Finance Corporation ("CFC"), the affiliate entity that manages and controls the Rural Telephone Finance Cooperative ("RTFC"), I would like to direct your attention to additional items that underscore CFC's lack of integrity, credibility and trustworthiness and questionable financial viability in support of a denial for transfer of control.

During the public hearings on St. Thomas, CFC's officials and their attorneys reported there were no viable or sufficient bids for New ICC's Group One assets that included Vitelco and the Innovative Cable TV companies. This assertion is disingenuous, misleading and untrue. As stated in Atlantic Tele-Network, Inc.'s (ATN) attorney's letter of November 2, 2009 to the FCC in Proceeding 09-82 regarding the New ICC transfer of control matter before the FCC, such assertion is "self-serving", "absurd" and "should be rejected."[1] ATN's attorneys go on to state "ATN and other entities submitted viable bids for the Group One assets, which were rejected only because they did not generate sufficient monetary value for RTFC."[2]

Indeed, contrary to CFC's contention, there have been many viable, credible and sufficient bids submitted for these assets. However, CFC, in concert with the Chapter 11 trustee, has established unreasonable criteria and standards, and raised the bar so high as to what constitutes a viable and

---

[1] See p. 8 of ATN's letter of November 2, 2009 attached hereto as Exhibit A. This letter is available for download from the FCC's website at http://fjallfoss.fcc.gov/ecfs2/proceeding/view?z=wlkvl&name=09-82.
[2] Ibid.

sufficient bid, that no reasonable market bid would ever qualify as viable and sufficient. This is because CFC is attempting to hide the fact that if one of the submitted market-based bids were accepted, it had not adequately reserved for losses against the New ICC loans contrary to its statements in its SEC filings.

Not only did ATN and several other entities submit viable bids, I too personally submitted viable bids for New ICC and its subsidiaries. In my continuing efforts to rescue, maintain and preserve the value of the New ICC assets, I submitted bids to the Chapter 11 trustee, Greelight Capital and CFC directors in June 2008 (*see Exhibit B*). These bids were also presented to Sheldon Peterson, the CEO of CFC *(see Exhibit C)*. Unfortunately, my bids were summarily rejected because they were bids from me. This rejection is consistent with CFC/RTFC's past conduct and decisions rebuking my attempts to settle matters with them.

In particular, CFC/RTFC could have walked away with $402 million in 2007 when I secured and presented to the bankruptcy court in June 2007, a $620 million binding financing commitment for the debt restructuring and recapitalization of New ICC and its entities (*see Exhibit D*). This binding financing commitment provided for the $402 million settlement amount CFC/RTFC had agreed to in April 2006 plus credit facilities to cover any pension funding shortfalls and provide for future capital expenditures. Unfortunately, CFC/RTFC, with the full support of the bankruptcy court, outright rejected the earlier agreed upon settlement agreement and the binding financing commitment simply because it was secured by me and left me with a controlling equity ownership in New ICC. CFC/RTFC's rejection was nothing more than shortsighted and vindictive; it served no other meaningful purpose.

Now over two years later under the direction of the Chapter 11 trustee, guided by CFC/RTFC as the secured lender, Vitelco and the Innovative Cable TV companies have realized a significant decrease in value so much so, that CFC's so-called $250 million credit bid is significantly inflated. The PSC has to ask itself what is to happen with these companies in the future under the direct ownership and control of CFC who already has had so much influence over these companies through the Chapter 11 trustee over the past two years?

Let's look at the debacle and sad, dismal results of the Chapter 11 trustee's sale of New ICC's French cable TV companies (Group 2 assets) in December 2008. With the assistance of Houlihan Lokey Howard & Zukin who was hired by the Chapter 11 trustee as an investment advisor in September 2008, the Chapter 11 trustee engaged in a second attempt to sell the French cable TV companies (the first attempt apparently failed to bring a viable and sufficient bid). The winning accepted bid for the Group 2 assets was for $24 million. Of this amount, RTFC received only $10 million against loans of over $100 million it made for the acquisition of these companies ten years ago. RTFC recovered less than 10 cents on the dollar. Of the remaining $14 million in sales proceeds, $10 million went to pay professional fees to the Chapter 11 trustee's attorneys and his own firm, Alvarez & Marsal, with another $1.2 million paid to Houlihan Lokey for commissions.

I encourage the PSC to investigate these issues further in considering whether to transfer control of Vitelco and the Innovative Cable TV entities and their respective franchises to CFC. All CFC/RTFC care about is getting cash flow out of the company to support an unrealistic carrying value of this investment.

I look forward to meeting with the PSC on this as well as other major concerns.

Sincerely,

Jeffrey J Prosser
Jeffrey J. Prosser

Attachments:

Exhibit A – Letter dated November 2, 2009 from ATN to the FCC regarding ICC Change of Control Proceeding
Exhibit B – Prosser Letter of June 2008 to Chapter 11 Trustee et al
Exhibit C – Prosser Letter dated June 24, 2008 to CFC CEO Peterson
Exhibit D – Silver Point $620 Million Commitment Letter dated 06-27-2007

Prosser Letter 11-10-2009 to PSC re Change of Control

Exhibit A

Letter dated November 2, 2009 from ATN to the FCC regarding ICC Change of Control Proceeding

KELLEY DRYE & WARREN LLP
A LIMITED LIABILITY PARTNERSHIP
3050 K. STREET, N.W.
SUITE 400
WASHINGTON, D.C. 20007
(202) 342-8400

NEW YORK, NY
TYSONS CORNER, VA
CHICAGO, IL
STAMFORD, CT
PARSIPPANY, NJ

BRUSSELS, BELGIUM

AFFILIATE OFFICES
MUMBAI, INDIA

FACSIMILE
(202) 342-8451
www.kelleydrye.com

DIRECT LINE: (202) 342-8620
EMAIL: raamoth@kelleydrye.com

November 2, 2009

VIA ECFS

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW, Room TWB 204
Washington, D.C. 20554

Re: Ex Parte Submission in WC Docket No. 09-82

Dear Ms. Dortch:

Atlantic Tele-Network, Inc. ("ATN"), by its attorneys, hereby submits this *ex parte* letter in the above-referenced proceeding in order to update the record and to correct the persistent misstatements and misrepresentations submitted by the National Rural Utilities Cooperative Finance Corporation ("CFC").

Initially, CFC continues to refuse to discuss the central policy and public interest issue raised by its applications – the devastating impact of permitting CFC to own and operate the incumbent local exchange carrier (Vitelco) and the only terrestrial pay-television provider (Innovative Cable) on the development of broadband infrastructure and services in the U.S. Virgin Islands ("U.S.V.I."). CFC does not deny that it plans to continue operating Vitelco and Innovative Cable so that they do not compete against each other, thereby denying Virgin Islanders the benefit of intermodal competition. CFC does not deny that broadband as we know it in the mainland U.S. does not exist today in the U.S.V.I. CFC does not deny that ICC's previous operation of these entities as a combined enterprise rather than as competitors has effectively prevented the U.S.V.I from entering the Broadband Era. Nor has CFC proffered any concrete commitments or plan of any kind that would correct this manifest injustice.

Recent speeches by Commissioners Baker and Clyburn have underscored the fundamental Federal policies that would be repudiated by granting these applications without requiring the transferee to divest either Vitelco or Innovative Cable. In September, Commissioner Baker delivered a speech in which she recognized that "Broadband has become

critical infrastructure" and that "[o]ur Commission's policy choices will either limit or expand and build on this revolution." Significantly, Commissioner Baker recognized that "incentives matter," noting that "[a]ctions[1] government takes – or doesn't take – affect market behavior and create incentives" and acknowledging that there is "a role for government in creating incentives that encourage investment, innovation, and competition." And in remarks that seem almost directed at the USVI market, Commissioner Baker noted:

> Competition best serves consumers. Where competition thrives, consumers can best decide what services and pricing structures fit them best. But where competition doesn't thrive – or no market exists at all – the Commission will likely need to step in to ensure that broadband critical infrastructure gets to everyone and no one is left behind. Accordingly, our highest priority in broadband policy should be to get broadband to all remaining unserved areas of the country. Where the market does not provide sufficient incentives for businesses to deploy, the government may need to step in with carefully targeted policies to ensure the availability of critical infrastructure without foreclosing the possibility of future competition as the market and technology progress.

The USVI market has failed over two decades to provide sufficient incentives for the deployment of broadband infrastructure. In ATN's view, requiring the transferee to divest either Innovative Cable or Vitelco so that intermodal competition can exist for the first time in the U.S.V.I. is a "carefully targeted policy" designed to ensure that Virgin Islanders can finally begin to benefit from broadband technologies, services, and applications that are available today in other island locations.

Further, Commissioner Clyburn presented a speech in September in which she re-affirmed the national consensus that broadband is "essential" to our national well-being and that "it is a must that we focus on how we get broadband out to those Americans who are not yet 'passed' by it."[2] Commissioner Clyburn noted that we should also strive to understand the full range of reasons why some individuals have access to broadband services yet nevertheless decline to subscribe, a phenomenon which has been documented within minority communities.[3]

---

1 *See* "Incentives Matter: Decision Making at the FCC," Speech by Commissioner Meredith A. Baker, Free State Foundation, September 10, 2009.

2 *See* Prepared Remarks of FCC Commissioner Mignon Clyburn, "Broadband Adoption: Traveling the Consumer's Last Mile," The Joint Center for Political and Economic Studies, September 21, 2009.

3 *See* PEW INTERNET & AMERICAN LIVE PROJECT, HOME BROADBAND ADOPTION (June 2009).

In a letter dated September 5, 2009, a resident of the U.S. Virgin Islands implored the Commission to take steps to develop competition in the U.S.V.I.[4] The letter noted that the U.S.V.I. is "a predominantly minority community," but concluded that this should not disqualify it from receiving the same benefits that are routinely made available to other U.S. communities of similar size. ATN agrees fully with this letter. The Commission's decisions can have a positive or negative impact on minority communities in many ways, including whether and how they promote broadband infrastructure development or subscribership in these communities. In this case, a decision to grant the instant applications without imposing a divestiture condition – in effect, condemning Virgin Islanders to a continuation of today's no-broadband market reality – would have a disparate adverse impact on the USVI as "a predominantly minority community."

It is not a matter of speculation whether intermodal competition will promote broadband infrastructure development. As ATN has noted previously, Guam – an island territory with demographic and geographic characteristics very similar to the U.S.V.I. – has established a market structure where the incumbent telephone company and the cable television operator are separately owned, and this market structure has resulted in vibrant broadband deployment and the offering of competing triple-play services to Guam residents.[5] Much of this infrastructure investment and service deployment occurred in the last five (5) years, subsequent to the privatization of the incumbent telephone company in Guam, Guam Telephone Authority ("GTA"), and the introduction of local services competition. As an example of the impact intermodal competition can have on investment incentives and service provision, GTA began providing all-digital IPTV services in 2008,[6] and earlier this year it installed new MetaSwitch facilities for the provision of hosted VOIP services.[7] The company also has announced a plan to replace all legacy switches and to begin burying fiber optic connections for voice, data and video services.[8] Similarly, Marianas Cable Vision ("MCV"), the island's cable provider, introduced

---

4 *See* Letter to the FCC from Ms. Demelza Lawrence, September 5, 2009 (filed by the FCC in WC Docket No. 09-82). ATN played no role in the writing or submission of this letter.

5 *See* Letter to M. Dortch, FCC, from R. Aamoth, Counsel for ATN, August 28, 2009, at p. 2 n.4 [hereinafter "*ATN August 28th Letter*"]; Letter to M. Dortch, FCC from J. Griffin, Counsel for ATN, September 9, 2009, Attachment at 1 (noting that Guam has a significantly higher broadband penetration rate than the U.S.V.I.) [hereinafter "*ATN September 9th Letter*"].

6 *GTA TeleGuam, CSI Digital , and Avail Media Team to Deliver 100% Digital TV to Guam Viewers* (Apr. 21, 2008), available at http://www.iptv-industry.com/ar/21n.htm (last visited Nov. 2, 2009).

7 *GTA TeleGuam Selects MetaSwitch to Supply IP Communications Infrastructure* (Jan. 22, 2009), available at http://www.metaswitch.com/news/GTATeleguam.aspx (last visited Oct. 23, 2009).

8 *Id.*; *see also GTA TeleGuam Enhances Backbone Fiber Optic Network* (Nov. 19, 2007), available at http://www.gta.net/corporate/news/news-2007 (last visited Oct. 23, 2009); *GTA TELEGUAM Announces Fiber Todu Guahan Plan* (Dec. 10, 2007), available at

the first competitive telephony offering in Guam for residential customers in 2007.[9] MCV currently offers a full menu of cable/telephony, broadband services and video products.[10] Most notably, the majority of Guam residents and businesses have access to xDSL service, with the provision of broadband access split approximately 50-50 between MCV cable modem access and xDSL provided by GTA and other wireline or wireless providers of Internet access and broadband.[11] This is the type of robust investment activity, network modernization, and service competition that occurs when market-based incentives are working properly, and it has been completely absent from the U.S.V.I. market for decades.

We also wish to alert the Commission to the Trustee's correction of his August 31, 2009 status report to the Bankruptcy Court. In the original version of his August 31, 2009 status report, the Trustee reported that RTFC had agreed to loan nearly US$29 million to Vitelco. As ATN noted in its *ex parte* letter dated September 8, 2009, this loan represents a paltry 15% of Vitelco's funding requirement as presented to the Bankruptcy Court.[12] Now the Trustee has filed a corrected status report confirming the US$29 million loan but clarifying that **"Vitelco will be receiving none of the loan proceeds."**[13] CFC claims without support that this is due to RUS

---

http://www.gta.net/corporate/news/news-2007 (last visited Oct. 23, 2009); *Occam Wins in Guam*, (Dec. 20, 2007), available at http://www.lightreading.com/document.asp?doc_id=141815&print=yes (last visited Oct. 23, 2009); Masha Zager, *Fiber-to-the-Home Means Never Having to Say You're Sorry,* (Jan. 2008), available at http://www.bbpmag.com/2008issues/january08/Jan_FiberDeploy.pdf (last visited Oct. 23, 2009).

9 *See Pacific Island Carrier Launches New Cable Voice Offering Powered by MetaSwitch* (Jan. 14, 2008), available at http://www.marketwire.com/press-release/Metaswitch-810125.html (last visited Oct. 23, 2009); Trina A. San Agustin, *Telecom Story*, GUAM BUSINESS MAGAZINE vol. 26 (Mar-Apr. 2008), available at http://www.guambusinessmagazine.com/?pg=2008_vol_02_feature02 (last visited Oct. 23, 2009); *Growing with Guam: How IT&E Optimized its Network and Brought Real Telecom Competition to Guam* (Jan. 2008), available at http://www.metaswitch.com/download/ITECaseStudy.pdf (last visited Oct. 23, 2009).

10 *See* http://www.mcvguam.com (last visited Oct. 23, 2009).

11 Paul Budde Communication Pty Ltd., *Guam — Telecoms Market Overview & Statistics,* at 8-9 (Apr. 12, 2008).

12 *See* Letter to M. Dortch, FCC, from R. Aamoth, Counsel for ATN, September 8, 2009, at pp. 1-2 [hereinafter "*ATN September 8th Letter*"]. A copy of the Trustee's original August 31, 2009 status report was provided as an attachment to this filing.

13 *See* "Trustee's Amended Status Report for Omnibus Hearing of August 31, 2009," *In Re Innovative Communication Company, LLC*, Case No. 06-300008(JKF), Dist. Ct. of V.I., Bankr. Division, at p. 2 (copy attached hereto) (emphasis supplied) [hereinafter "August Amended Status Report"].

funding covenants, which limit Vitelco's ability to incur additional debt. However, these putative RUS covenants would not preclude CFC from making a binding concrete commitment in this proceeding to devote specific and sufficient financial resources to the rebuilding of Vitelco's network over a specified timetable. Yet given numerous opportunities to demonstrate its commitment to rebuilding Vitelco's network – which even Vitelco's own experts have acknowledged in public testimony is a complete shambles held together by "scotch tape and baling wire"[14] – CFC remains conspicuously silent on this topic.

The reality, as ATN has documented in previous submissions, is that CFC will be nothing more than a caretaker owner of the ICC assets, including Vitelco.[15] The RTFC was disappointed that the Trustee's auction of the Group One assets did not attract higher bids, and it is hoping to obtain a better price if it hangs onto the assets for another year or two while economic conditions improve. As the Commission knows well, a caretaker owner has no incentive to make the kind of long-term investment necessary to develop a broadband infrastructure in the U.S.V.I., particularly given the current deplorable state of ICC's networks. Indeed, it is ATN's understanding that most of the RTFC's loan to ICC has been or will be used in furtherance of ICC's business plan to introduce new wireless services, completely ignoring the desperate need for new investment in ICC's landline infrastructure.[16] Thus, RTFC's investment in ICC will result in more wireless services but no wireline broadband services for the people of the U.S.V.I.

Lastly, ATN would like to briefly comment on the assertions contained in CFC's recent *ex parte* filings in this proceeding. Most of these assertions have already been refuted in previous ATN filings on the record.

First, CFC asserts that ATN's desire is to delay a Commission ruling. This is not true. ATN supports the Commission's immediate issuance of a decision approving the applications on the condition that CFC divests either Vitelco or Innovative Cable. Of course,

---

14 *E.g.,* Petition Of Atlantic Tele-Network, Inc. To Deny Or, Alternatively, To Grant With Conditions, WC Docket No. 09-82, et al., filed July 7, 2009, at 16-19 (recounting testimony from Vitelco's expert witnesses on state of Vitelco's current network) [hereinafter "ATN Petition"]. In his October Status Report, the Trustee described Vitelco's network as "antiquated circa 1980's wireline facilities." *See* "Trustee's Status Report for Omnibus Hearing of October 8, 2009," *In Re Innovative Communication Company, LLC*, Case No. 06-300008(JKF), Dist. Ct. of V.I., Bankr. Division, at p. 2 (copy attached hereto) [hereinafter "October Status Report"]

15 *E.g., ATN September 8th Letter* at p. 2 (quoting ICC President that CFC plans to flip the ICC assets so it can get a better price for them).

16 *See, e.g.*, October Status Report at p. 1 (liquidity and cash reserves expected to decrease somewhat during the fourth quarter due to capital expenditures related to preparing the companies for implementation of a new wireless plan).

that is not the order that CFC wants the FCC to issue. What is clear is that CFC is pushing the Commission to issue an order quickly because CFC knows that the more the Commission studies the facts in this proceeding, the weaker CFC's case becomes. CFC's motives in pushing for an accelerated decision are particularly suspect because other regulatory agencies whose approval is necessary have not yet even held hearings, much less issued a decision. In particular, the U.S.V.I. Public Service Commission ("USVI PSC") has scheduled hearings for this month with a final decision expected no earlier than December, 2009.[17] Reportedly, the USVI PSC rebuffed CFC's attempts to advance the dates of the hearing and final decision on the grounds that the decision whether the approve the transaction would affect residents for many years to come and thus should be "approached with thoroughness."[18] Given that other agencies are taking until at least year-end to review this transaction, the question needs to be asked why CFC is pushing the Commission to short-circuit this proceeding.

Second, CFC argues that ATN's true motive is to purchase Innovative Cable at a depressed price. This is repudiated by ATN's initial petition and its subsequent filings, which have clearly stated that ATN does not have a preference as to which entity – Vitelco or Innovative Cable – is divested.[19] The objective is to promote intermodal competition so that broadband infrastructure will be deployed in the U.S.V.I., not to ensure that a particular entity is available to be purchased.

Third, CFC argues that ATN is insincere because, according to CFC, ATN sought to buy and operate both Vitelco and Innovative Cable as a combined entity through the Trustee's auction. Again, this is not true. As ATN stated in its petition, it was a sophisticated investor who "took into account when evaluating this opportunity the possibility that the Commission or the U.S. Virgin Islands Public Service Commission . . . would require that certain assets be divested."[20] ATN's valuation process took into account the risk that the FCC or the USVI PSC would require either Vitelco or Innovative Cable to be spun off.

Fourth, CFC continues its efforts to hide in the skirts of the FCC's policy of imposing conditions only to address harms created by the transaction. In this case, the

---

17 *See* October Status Report at p. 3.

18 *See* "Vitelco, Innovative Cable Transfer Hearings Set for November, the St. Croix Source, Sept. 18, 2009, available at http://stcroixsource.com/content/news/local-news/2009/09/18/vitelco-innovative-cable-transfer-hearings-set-november (last visited Nov. 2, 2009).

19 *E.g.,* ATN Petition at 2 n.1 ("ATN would support permitting CFC to have the choice of divesting Vitelco rather than Innovative Cable") [hereinafter "*ATN Petition*"]; *see ATN August 28th Letter* at p. 1 (clarifying that ATN has no preference as to whether Vitelco or Innovative Cable is divested); *ATN September 9th Letter*, Att. At 1 (clarifying that ATN has no preference which entity is divested).

20 *See ATN Petition* at 3-4.

"transaction" is the Trustee's decision to reconstitute the ICC monopoly by packaging both Vitelco and Innovative Cable into the Group One assets and then transfering them to CFC. As constructed and implemented by the Trustee, this transaction causes harm by denying Virgin Islanders the benefits of intermodal competition and effectively condemning them to a future without true broadband infrastructure or services.[21] Hence, the relief requested by ATN is fully consistent with the Commission's practice of imposing conditions only to address transaction-specific harms. CFC does not identify even one case where the FCC has stated that the Trustee's packaging of assets for sale is not part of the transaction under review.

Regardless, the Commission's authority to impose conditions in granting the transfer applications is not limited to imposing only those conditions intended to remedy harms that arise from the transaction. Section 303(r) of the Communications Act of 1934, as amended (the "Act"), authorizes the Commission to prescribe restrictions or conditions not inconsistent with law that may be necessary to carry out the provisions of the Act.[22] Similarly, Section 214 of the Act authorizes the Commission to attach to its grant of authority such terms and conditions as, in the Commission's judgment, the public convenience and necessity may require.[23] As the Commission has recognized, this broad authority empowers the Commission to "impose and enforce conditions to ensure that the transaction will yield overall public interest benefits."[24] In reviewing and approving other transactions, the Commission has relied on such authority to impose conditions intended to achieve broader public interest goals. For example, in granting the applications of certain regional Bell Operating Companies ("RBOCs") for authority to acquire other local exchange carriers, the Commission required the RBOCs to offer local service out of region to encourage local service competition, provide advanced services through a separate affiliate in order to promote advanced services deployment, and enhance their lifeline service plans in order to improve residential phone service.[25] Thus, there is both authority and

---

21 *See ATN September 9th Letter*, Att. at 2 (noting that "the ICC bankruptcy effectively ended the common ownership of the ICC assets").

22 47 U.S.C. § 303(r); *In re Applications Filed for the Transfer of Control of Embarq Corp. to CenturyTel, Inc., Memorandum Opinion and Order*, FCC 09-54, rel. June 25, 2009, at ¶ 12 (citations omitted) [hereinafter "*Embarq/CenturyTel*].

23 47 U.S.C. § 214(c).

24 *Embarq/CenturyTel* at ¶ 12 (citations omitted).

25 *See, e.g., In re Application of GTE Corp., Transferor, and Bell Atlantic Corp., Transferee, For Consent to Transfer Control of Domestic and International Sections 214 and 310 Authorizations and Application to Transfer Control of a Submarine Cable Landing License, Memorandum Opinion and Order*, 15 FCC Rcd 14032 (2000); *Ameritech Corp., Transferor, and SBC Communications Inc., Transferee, For Consent to Transfer Control of Corporations Holding Commission Licenses and Lines Pursuant to Sections 214 and 310(d) of the Communications Act and Parts 5, 22, 24, 25, 63, 90, 95 and 101 of the Commission's Rules, Memorandum Opinion and Order*, 14 FCC Rcd 14712 (1999).

precedent for imposing conditions intended to increase competition, broadband deployment, and the availability of services for consumers in granting transfer applications.

Fifth, CFC asserts that any decision by the Commission to deny the applications, or to impose any conditions, would impermissibly conflict with the Bankruptcy Court process. This assertion is specious. The Commission's authority to review the transaction and impose conditions to promote the public interest or deny the transfer applications is well-established.[26] Further, the Bankruptcy Court created a two-step process precisely so that parties such as ATN could raise telecommunications regulatory and policy issues before the Commission, and because the Court wanted to hear the views of the FCC on the transaction.[27] Imposing the divestiture conditions requested by ATN or denying some or all of the applications would pose no conflict with the Bankruptcy Court.

Sixth, CFC asserts that Section 652 of the Act requires approval of the applications. However, as CFC itself as admitted, Section 652 is inapplicable because this transaction is not a buy-out.[28]

Seventh, CFC asserts that an "orderly emergence from bankruptcy" is a public interest benefit which the Commission must weigh. ATN certainly agrees, and would note that the Trustee has assured the Bankruptcy Court through status reports that the ICC businesses are stable and operating as projected.[29] Further, given the evidence in this proceeding that CFC plans to operate primarily as a caretaker of these assets until they can be "flipped" in a year or two, granting the applications represents an "emergence" from the bankruptcy process only in the most nominal sense.

Eighth, CFC continues to make the self-serving assertion that no other entities submitted "sufficient" bids for the Group One assets and that granting these applications is the "only viable path out of bankruptcy." These statements are absurd and should be rejected. ATN and other entities submitted viable bids for the Group One assets, which were rejected only because they did not generate sufficient monetary value for RTFC.[30] Should some or all of the Group One assets be re-marketed, ATN and other bidders would almost certainly be interested. There is no evidentiary basis for concluding that CFC is the only available transferee for these assets.

---

26 *See ATN August 28th Letter* at pp. 7-9; ATN Petition at pp. 7-10.

27 *See ATN August 28th Letter* at pp. 5-6; *ATN September 9th Letter*, Att. at 1-2.

28 *See ATN August 28th Letter* at p. 10.

29 *E.g.,* August Amended Status Report at p. 1; October Status Report at p. 1.

30 *See ATN August 28th Letter* at p. 14.

Ninth, CFC claims it is "eminently qualified" to be the transferee, yet it has virtually no experience running a telephone company and has admitted it will outsource running ICC to as yet unknown persons or companies.

Tenth, and finally, CFC argues that it has "demonstrated its commitment to financing and managing the rehabilitation" of the ICC companies. Notably, CFC offers no citation to record evidence showing such a commitment. To the contrary, all the record evidence shows that CFC has deliberately avoided making any binding concrete commitments of any kind whatsoever regarding whether, how and when it would invest funds to give Virgin Islanders a broadband landline network. This is precisely what one would expect from a company that does not intend to be an "owner" of the company for very long – namely avoiding any commitments and making only those investments necessary to ready the assets for being re-marketed in a year or two.

In sum, the record proves convincingly that imposing a divestiture condition is required in the public interest because it will jump-start intermodal competition between Vitelco and Innovative Cable, which is a reliable method to create the market-based incentives necessary for the development of broadband infrastructure in the U.S.V.I. Without such a condition, Virgin Islanders will continue to be denied entry into the Broadband Era. CFC's "duck and cover" defense – while urging the FCC to act with haste even while other agencies are taking until year-end to review the transaction – merely confirms what everyone in the industry already knows, namely, that CFC intends to be no more than a caretaker owner for a relatively short period of time so it can attempt to get a higher price for the assets in a more favorable economic climate without making any significant long-term investment in either Vitelco or Innovative Cable. The experience in Guam shows that intermodal competition will work in this environment, and ATN urges the Commission to fulfill its mandate to develop and implement a national broadband policy by requiring CFC as the transferee to divest either Vitelco or Innovative Cable.

Sincerely,

Robert J. Aamoth

cc: David Krech
Jodie May
Kathy Harris
Jeff Tobias
Linda Ray
Wayne McKee
Jim Bird
Christi Shewman
Jennifer Schneider

Carol Simpson
Priya Aiyar

IN THE DISTRICT COURT OF THE VIRGIN ISLANDS
DIVISION OF ST. THOMAS AND ST. JOHN, BANKRUPTCY DIVISION

In re:	**Chapter 11**
INNOVATIVE COMMUNICATION COMPANY, LLC,	**Case No. 06-30008 (JKF)** **(Jointly Administered)**
Debtor.	
_____/	
In re:	**Chapter 11**
INNOVATIVE COMMUNICATION CORPORATION,	**Case No. 07-30012 (JKF)**
Debtor.	
_____/	

TRUSTEE'S AMENDED STATUS REPORT FOR
OMNIBUS HEARING OF AUGUST 31, 2009[1]

Stan Springel, chapter 11 trustee (the "Trustee") of the bankruptcy estates of Emerging Communications, Inc. ("ECI"), Innovative Communication Company, LLC ("ICC-LLC" and, together with ECI, the "Parent Debtors"), and Innovative Communication Corporation ("New ICC" and, collectively with the Parent Debtors, the "Debtors"), files this Amended Status Report for Omnibus Hearing of August 31, 2009, and respectfully states as follows:

A. Business Operations

As previously reported at the July 22nd omnibus hearing, business operations remain stable and the operating subsidiaries continue to run and operate as projected pending closing of the Group 1 sale, which has been preliminarily approved by this Court. Liquidity and cash reserves also remain stable, but, as anticipated, cash requirements in the third quarter will be

[1] The Trustee's *Status Report for Omnibus Hearing of August 31, 2009,* filed on August 28, 2009, is hereby amended and replaced in its entirety by this *Amended Status Report for Omnibus Hearing of August 31, 2009.* The purpose of this amendment is to correct a statement on page 2 of the original status report regarding the parties to a loan to be provided to certain of New ICC's indirect subsidiaries. This statement was also corrected on the record at the hearing held August 31, 2009.

higher than previous quarters due to premiums for renewal of hurricane insurance, expected increases in capital expenditures, and continued payoff of certain obligations created by prior management. These additional cash requirements are not expected to create liquidity issues for the operating companies.

To assist certain of New ICC's subsidiaries in making necessary capital expenditures in advance of closing on the credit bid, the Rural Telephone Finance Cooperative (the "RTFC")[2] has agreed to loan those subsidiaries approximately $28,793,000. Negotiations with respect to this loan are in their final stages and the loan documents are expected to be executed by the parties by or near the end of September 2009. Neither the Debtor nor Vitelco will be obligated on this prospective loan, and Vitelco will be receiving none of the loan proceeds.

The Trustee and his professionals are also currently preparing for the upcoming collective bargaining agreement negotiations with the Steelworkers Union, which represents Vitelco's and Innovative Cable TV's hourly workers. The negotiation session is expected to begin on August 31, 2009 and last through September 11, 2009, with an additional week scheduled, if needed. Management is confident that an agreement will be reached with the Union during the scheduled negotiation period.

B. Business and Asset Sales

1. Update Regarding the Group 1 Asset Sale

Following the evidentiary hearing held April 6, 2009, the Court authorized, on an interim basis, the sale of the Group 1 assets to the RTFC. A written order memorializing this ruling was entered on April 9, 2009 (07-30012 DE 1206, the "Interim Sale Order"), which authorized the

[2] The term "RTFC" shall collectively refer to the RTFC and its affiliated entities, as reflected in the Notice of Designation of Buyer's Assignees Under Supplemental Motion for Order (A) Approving Sale of All of the Debtor's Primary Assets Free and Clear of Liens, Claims, Encumbrances, and Other Interests; (B) Approving Assumption and Assignment of Certain Executory Contracts and Unexpired leases; and (C) Granting Related Relief (07-30012, Dkt. No. 1196).

parties to seek all approvals and consents, both regulatory and non-regulatory, necessary to close the Group 1 sale.

a. Pending Regulatory Approvals

The Trustee and the RTFC continue to prosecute their joint applications for telecommunications-regulatory consents. The pertinent regulators are actively considering the applications, and representatives of the Trustee and the RTFC will continue to correspond and meet with those regulators, as necessary, to ensure timely grants of consent.

On August 7, 2009, representatives of the Trustee and the RTFC reached agreement with the Staff of the U.S. Virgin Islands Public Services Commission ("PSC") with respect to the scope and schedule of the Hearing Examiner proceeding.[2] This proposed schedule agreed to by the PSC Staff (and submitted to the Hearing Examiner) was designed to permit PSC action on the transaction in time for consideration at this Court's November 30, 2009, omnibus hearing. However, on August 19, 2009, the PSC Hearing Examiner adopted an extended schedule that would take the proceeding into December 2009. The Trustee and the PSC are currently discussing with the PSC options for expediting that schedule, so that the regulatory timeline would be more closely aligned with the planned sale closing timeline. Meanwhile, the Trustee and the RTFC are currently preparing responses to PSC Staff discovery requests issued in connection with the transfer of control proceedings.

In the proceeding before the U.S. Federal Communications Commission (the "FCC"), the Trustee and the RTFC have met with FCC staff to address their outstanding questions. The FCC staff is currently drafting an order acting on the application, which the Trustee and the RTFC hope the FCC will issue expeditiously. The FCC has not scheduled this matter for a hearing and does not typically do so for transaction reviews.

[2] The PSC has selected attorney Ron Belfon as its hearing examiner.

In the proceeding before the British Virgin Islands ("BVI") Government, the Telecommunications Regulatory Commission ("TRC") has provided to the BVI Minister of Communications and Works its recommendation and a proposed decision, which the Trustee and the RTFC hope the Minister will issue expeditiously. Neither the TRC nor the Minister has scheduled this matter for a hearing, as they do not typically do so for transaction reviews.

In the proceeding before the Netherlands Antilles Government, the Trustee and the RTFC understand that the Minister of Transport and Communications has largely concluded his review of the transaction and are optimistic that he will grant consent expeditiously.

b. Updates Regarding Matters Addressed at July Omnibus Hearing[3]

The Belize Telecom Litigation. In March 2009, the Privy Council in London ruled against Belize Telecom, Ltd. ("Belize Telecom"), a wholly-owned subsidiary of ICC-LLC, in its pursuit of various claims against the Government of Belize. As a result of this ruling, it is highly unlikely that Vitelco will receive payments on a $28.5 million note (the "Belize Note") payable by Belize Telecom and carried on Vitelco's balance sheet. The Belize Note, however, was 100% reserved for in Vitelco's 2006 financial statements because it was apparent to the Trustee and his staff that collection on the note was highly speculative. It is anticipated that the Belize Note will be fully written off in 2009 for tax purposes; however, this write-off will not directly affect Vitelco's rate of return, as the Belize Note was not part of Vitelco's regulated assets that are considered in calculating its regulated rate of return.

[3] At the omnibus hearing held July 22, 2009, this Court requested that the Trustee's next status report include (a) an explanation of the effect that the recent ruling in the Belize Telecom, Ltd. litigation will have on New ICC's ability to upstream funds from Vitelco and (b) the effect of a recent credit downgrade of an RTFC affiliate on the closing of the Group 1 sale.

CFC/Fitch Credit Report. The Trustee is aware that Fitch Ratings has placed the National Rural Utilities Cooperative Finance Corporation on Rating Watch Negative. The Trustee does not believe that this will affect the scheduled closing of the Group 1 assets.

c. The Vitelco Preferred Shareholders

As previously reported to the Court, the RTFC and the Vitelco Preferred Shareholders have reached a global settlement that removed any hurdles to closing of the Group 1 sale that may have existed related to the Vitelco preferred shares and the Preferred Shareholders. The RTFC has acquired the Vitelco preferred shares from the Preferred Shareholders and *Trustee Springel's Motion for Order Approving Sale of the Debtor's Preferred Stock in the Virgin Islands Telephone Corporation* (06-30008 DE 1528), covering the remaining 250 shares of preferred shares held by ICC-LLC, is set for hearing on October 8, 2009.[4]

d. The Pension Benefit Guarantee Corporation

The Trustee and the RTFC continue to work with the PBGC in relation to the Group 1 asset sale. A $2 million payment was made to the pension plans on December 31, 2008, with additional payments of $628,000 each being made on April 15 and July 15, 2009. These payments are in addition to the net cash sale proceeds (approximately $2.4 million) received by the ICC Consolidated Pension Plan Trust from the sale of real estate located on St. Croix, which was detailed in the June 15th Status Report. The next quarterly payment is due to be paid to the pension plans on or before October 15, 2009.

[4] Under the Preferred Stock Purchase Agreement, ICC-LLC agreed to sell its nominal portion of the preferred shares, pending approval of this Court, at the same price that was received by the other 99.7% of Preferred Shareholders. The actual closing of such purchase and sale will take place only following Court approval.

e. Prosser Global Stay Request

On August 27, 2009, in response to an order entered by the District Court vacating this Court's orders holding that Jeff Prosser does not have global standing to participate in the Debtors' cases, Jeff Prosser filed an emergency motion for a "global" 120-day stay of all bankruptcy proceedings. As will be more fully reflected in the Trustee's objection, the Trustee believes that Jeff Prosser's contentions that this Court has deprived him of his due process and other constitutional rights are without merit in law and completely unsupported by the facts of these cases.

2. Sale of Non- Business Assets:

No additional sales of non-business assets have occurred since the filing of the July 22nd Status report.

C. Litigation Matters Before the Bankruptcy Court

1. General Overview. The Trustee is a plaintiff in numerous adversary proceedings pending against Jeff Prosser, Dawn Prosser, the adult Prosser children (collectively, the "Adult Prosser Children"), and/or Michael Prosser. Among those adversary proceedings are the following: (a) Adversary Proceeding No. 07-03010 (the "Turnover Adversary Proceeding"); (b) Adversary Proceeding No. 07-03012 (the "New ICC Discharge Adversary Proceeding"); (c) Adversary Proceeding No. 08-03002 (the "Palm Beach Adversary Proceeding"); (d) Adversary Proceeding No. 08-03003 (the "Dawn Prosser FT Adversary Proceeding"); (e) Adversary Proceeding No. 08-03004 (the "Adult Children FT Adversary Proceeding"); and (f) Adversary Proceeding No. 08-03012 (the "Parent Debtors Discharge Adversary Proceeding").[5]

[5] The Turnover Adversary Proceeding, the Dawn Prosser FT Adversary Proceeding, the Adult Children FT Adversary Proceeding, and Adversary Proceeding No. 08-03006 brought by Trustee James Carroll against Dawn Prosser (collectively, the "Jointly Administered Adversary Proceedings") were consolidated for discovery and trial

2. Pending Rulings: Exemptions, Discharge, and Palm Beach

The presentation of evidence in the exemptions contested matter concluded on October 3, 2008, and the parties presented closing arguments on December 1, 2008. Post-trial briefing is complete and the matter is ripe for the Court's ruling.

On November 13, 2008, the RTFC filed a motion for summary judgment in their discharge adversary against Jeff Prosser (07-3011 DE 60). Jeff Prosser filed an objection to the motion on December 2, 2008, and the RTFC filed their reply on December 9, 2008. The Court held a hearing on the matter on December 19, 2008, and all post-hearing submissions have been completed. This matter is ripe for the Court's ruling.

Discovery in the Palm Beach Adversary Proceeding has closed and the dispositive motion deadline has passed. On November 10, 2008, the Court heard argument on the Trustee's and Jeff Prosser's respective motions for summary judgment, and post-trial briefing on the cross motions for summary judgment has been completed. On April 24, 2009, the Court issued an order detailing additional information required for the Court to issue its ruling, and giving parties until May 8, 2009 to respond. Adv. Proc. No. 08-3002, Dkt. No. 185. The requested information has been submitted and the matter is ripe for ruling.

3. The Discharge Adversary Proceedings. On December 31, 2007, the Trustee, on behalf of New ICC, filed a complaint challenging the bankruptcy discharge sought by Jeff Prosser and the dischargeability of certain debts incurred by Jeff Prosser. On June 9, 2008, the Trustee, on behalf of the Parent Debtors, filed a similar complaint against Jeff Prosser. Jeff Prosser filed amended answers in each adversary on July 10, 2008. A status conference on the

purposes only pursuant to the Court's *Scheduling Order and Discovery Plan* entered on July 11, 2008 in each of the Jointly Administered Adversary Proceedings.

various discharge proceedings has been scheduled for August 31, 2009, with trial to commence the week of February 1, 2009.

4. Jointly Administered Adversary Proceedings.

Discovery in the Jointly Administered Adversary Proceedings has closed, the dispositive motion deadline has passed, and the Court has ruled upon all dispositive motions. Trial in the Jointly Administered Adversary Proceedings commenced on November 17, 2008 and continued on November 18-20, 2008.

On December 5, 2008, the District Court withdrew reference in the Dawn Prosser FT Adversary Proceeding, as well as the adversary initiated against Dawn Prosser by Trustee James Carroll.

Trial before this Court in the ongoing Turnover Adversary Proceeding and in the Adult Children FT Adversary Proceeding continued, with trial in the Virgin Islands on December 8-9, 2008, in Pittsburgh February 9-11 and March 10, 2009, and back in the Virgin Islands the week of March 23, 2009. The evidentiary portion of the ongoing Turnover Adversary Proceeding and Adult Children FT Adversary Proceeding has now concluded. Post-trial briefing and proposed findings of fact were due by June 15, 2009, closing argument concluded July 23, 2009, and post-trial briefs are due by September 4, 2009.

5. The Dawn Prosser FT Adversary Proceedings.

Because reference in the Dawn Prosser FT Adversary Proceedings has been withdrawn, that adversary proceeding is currently pending before the District Court. On April 29, 2009, the District Court entered a Scheduling Order in the Dawn Prosser FT Adversary Proceeding, establishing various deadlines and setting the matter for trial commencing on December 1, 2009 in the U.S. Virgin Islands. Dist. Ct. Case No. 08-146, Dkt. No. 10. On August 24, 2009,

respective counsel for trustee James Carroll, the Trustee, and Dawn Prosser filed their *Joint Motion to Abate and Continue Trial Setting* with the District Court (District Court Case No. 08-146, Dkt. No. 16, the "Motion to Abate"), requesting that the District Court abate and adjourn the Dawn Prosser FC Action until this Court is able to enter an order in the Turnover Adversary Proceeding. As reflected in the Motion to Abate, the parties mutually agree that the decision reached by this Court in the Turnover Adversary Proceeding will define and possibly narrow the issues that must be tried before the District Court in the Dawn Prosser FC Action. The District Court has not yet ruled on the motion.

6. Chapter 11 Trustee's Avoidance Actions

In light of the two-year section 549(d) period to avoid unauthorized, postpetition transfers, the Trustee has commenced several avoidance actions against certain parties that received unauthorized, postpetition transfers after New ICC's petition date in transactions wherein there was no apparent benefit to New ICC. At this time, the Trustee has commenced approximately a dozen or so such actions. The Trustee anticipates commencing additional actions through the two-year anniversary of the entry of the order for relief.

D. Appeals

There are currently four appeals pending before the Third Circuit[6] and four appeals pending before the District Court.[7] On August 10, 2009, the District Court vacated this Court's orders holding that Jeff Prosser did not have global standing in the Debtors' cases (District Court

[6] Including Third Circuit Appeals 08-2626 (Jeff Prosser's appeal of the District Court order affirming the Terms and Conditions order); 08-2692 (Jeff Prosser's appeal of the District Court order affirming the Prosser conversion order); 08-3894 (the Greenlight Entities' appeal of the District Court order affirming the order overruling Greenlight's objection to the proof of claim filed by Banco Popular); and 09-1827 (Dawn Prosser's appeal of the District Court order denying her leave to appeal, which Dawn Prosser has voluntarily moved to dismiss).

[7] Including District Court Appeals 07-130 (John Raynor's mandamus action arising from the Trustee's appointment in the New ICC case); 08-113 (Dawn Prosser's appeal of the second Lake Placid sale order arising from Adversary No. 06-3009); 09-0073 (Merrill Lynch Credit Corporation's appeal of the order denying its motion to lift stay); and 09-109 (Robert Craig's appeal of the order dismissing his adversary proceeding against the Greenlight Entities).

Appeals 08-114 and 08-115). On August 19, 2009, the District Court entered orders dismissing appeals filed by Jeff Prosser, on behalf of the Parent Debtors, challenging this Court's orders (a) denying the Parent Debtors' request for appointment of a responsible officer and (b) ordering appointment of a trustee in the Parent Debtors' cases (District Court Appeals 07-0036 and 07-0037). There has been no other substantive activity in the pending appeals.

Dated: September 15, 2009

Respectfully submitted,

By: */s/ Daniel C. Stewart*

Daniel C. Stewart, SBT #19206500
James J. Lee, SBT #12074550
Michaela C. Crocker, SBT #24031985
VINSON & ELKINS L.L.P.
Trammell Crow Center
2001 Ross Avenue, Suite 3700
Dallas, Texas 75201
Tel: 214.220.7700
Fax: 214.220.7716
COUNSEL FOR STAN SPRINGEL, CHAPTER 11 TRUSTEE

- and -

Benjamin A. Currence, Esq.
LAW OFFICES OF BENJAMIN A. CURRENCE
5045 Norre Gade, Ste. 2
P.O. Box 6143
St. Thomas, VI 00804-6143
Tel: (340) 775-3434
Fax: (340) 774-1001
LOCAL COUNSEL FOR STAN SPRINGEL, CHAPTER 11 TRUSTEE

IN THE DISTRICT COURT OF THE VIRGIN ISLANDS
DIVISION OF ST. THOMAS AND ST. JOHN, BANKRUPTCY DIVISION

In re:	**Chapter 11**
INNOVATIVE COMMUNICATION COMPANY, LLC,	**Case No. 06-30008 (JKF)** **(Jointly Administered)**
Debtor.	
_____/	
In re:	**Chapter 11**
INNOVATIVE COMMUNICATION CORPORATION,	**Case No. 07-30012 (JKF)**
Debtor.	
_____/	

TRUSTEE'S STATUS REPORT FOR
OMNIBUS HEARING OF OCTOBER 8, 2009

Stan Springel, chapter 11 trustee (the "Trustee") of the bankruptcy estates of Emerging Communications, Inc. ("ECI"), Innovative Communication Company, LLC ("ICC-LLC" and, together with ECI, the "Parent Debtors"), and Innovative Communication Corporation ("New ICC" and, collectively with the Parent Debtors, the "Debtors"), files this Status Report for Omnibus Hearing of October 8, 2009, and respectfully states as follows:

A. Business Operations

As most recently reported at the August 31st omnibus hearing, business operations remain stable and the operating subsidiaries continue to run and operate as projected pending closing of the Group 1 sale, which has been preliminarily approved by this Court. Although liquidity and cash reserves remained stable through the third quarter, they are expected to decrease somewhat during the fourth quarter due to large insurance payments, replacement of fleet vehicles, and capital expenditures related to preparing the companies for implementation of a new wireless plan.

The Trustee is pleased to report that collective bargaining agreement negotiations with the Steelworkers Union, which represents Vitelco's hourly workers, have concluded and the union has agreed to a new three (3) year contract that is now in place. This represents a significant achievement and milestone for the operating companies.

In addition, the operating companies have completed the initial draft of the network modernization plan that provides guidance for the migration of the antiquated circa 1980's wireline facilities to an advanced modern network as is currently being deployed in the U.S. mainland. In addition, the companies are in the last stages of the negotiations and planning for the implementation of a new Operating Support Services system that will enable the companies to efficiently operate the new converged network.

The prospective loan from the Rural Telephone Finance Cooperative (the "RTFC")[2] to certain of New ICC's subsidiaries that was detailed to the Court at the August 31st hearing is still subject to on-going negotiations. As previously reported, neither the Debtors nor Vitelco will be obligated on this prospective loan.

B. Business and Asset Sales

1. Update Regarding the Group 1 Asset Sale.

Following the evidentiary hearing held April 6, 2009, the Court authorized, on an interim basis, the sale of the Group 1 assets to the RTFC. A written order memorializing this ruling was entered on April 9, 2009 (07-30012 DE 1206, the "Interim Sale Order"), which authorized the parties to seek all approvals and consents, both regulatory and non-regulatory, necessary to close the Group 1 sale.

[2] The term "RTFC" shall collectively refer to the RTFC and its affiliated entities, as reflected in the *Notice of Designation of Buyer's Assignees Under Supplemental Motion for Order (A) Approving Sale of All of the Debtor's Primary Assets Free and Clear of Liens, Claims, Encumbrances, and Other Interests; (B) Approving Assumption and Assignment of Certain Executory Contracts and Unexpired leases; and (C) Granting Related Relief* (07-30012, Dkt. No. 1196).

a. Pending Regulatory Approvals

The Trustee and the RTFC continue to prosecute their joint applications for telecommunication/regulatory consents. The pertinent regulators are actively considering the applications, and representatives of the Trustee and the RTFC will continue to correspond and meet with those regulators, as necessary, to ensure timely grants of consent.

In the proceeding before the Government of the British Virgin Islands, the Telecommunications Regulatory Commission has notified the applicants that the consents for the sale of BVI Cable TV Ltd. to a special-purpose subsidiary of CFC have been granted.

On September 17, 2009, the U.S. Virgin Islands Public Services Commission ("PSC") endorsed an extended schedule for the hearing examiner proceeding, with the hearing examiner to conduct his proceedings on November 3, 4 and 5, 2009, with the report of the hearing examiner not due to be filed with the PSC until December 2, 2009. Thereafter, the PSC will conduct its hearing on the transfer of control. As a result of this scheduling, which necessarily extends the final closing date beyond the existing November 30, 2009 deadline, the Trustee and the RTFC have filed their *Motion for Order Approving Extension of the Closing Deadline with Respect to Sale of the Group 1 Assets*, which is scheduled to be heard at the November 4th omnibus hearing.

In the proceeding before the U.S. Federal Communications Commission (the "FCC"), the Trustee and the RTFC continue to meet with FCC staff to address their outstanding questions. The FCC staff continues to consider the application.

b. The Vitelco Preferred Shareholders

As previously reported to the Court, the RTFC and the Vitelco Preferred Shareholders have reached a global settlement that removed any hurdles to closing of the Group 1 sale that may have existed related to the Vitelco preferred shares and the Preferred Shareholders. The

RTFC has acquired the Vitelco preferred shares from the Preferred Shareholders and *Trustee Springel's Motion for Order Approving Sale of the Debtor's Preferred Stock in the Virgin Islands Telephone Corporation* (06-30008 DE 1528, the "Motion to Sell Preferred Stock"), covering the remaining 250 shares of preferred shares held by ICC-LLC, is set for hearing on October 8, 2009.[1] No objections were filed to the Motion to Sell Preferred Stock.

c. The Pension Benefit Guarantee Corporation

The Trustee and the RTFC continue to work with the PBGC in relation to the Group 1 asset sale. $3 million in payments were made to the pension plans in December of 2008, with additional payments of $628,000 each being made on April 15 and July 15, 2009. An additional payment of $526,000 was made in June of 2008. These payments are in addition to the net cash sale proceeds (approximately $2.4 million) received by the ICC Consolidated Pension Plan Trust from the sale of real estate located on St. Croix, which was detailed in the June 15th Status Report. An additional quarterly payment is scheduled to be paid to the pension plans on or before October 15, 2009.

2. Sale of Non- Business Assets.

No additional sales of non-business assets have occurred since the filing of the August 31st Status report.

3. Other.

In anticipation of final sale closing, per the Notice of Partial Transfer of Claim filed herein October 6, 2009, the RTFC has purchased $60,000,000 of the claims of Greenlight pursuant to the terms of their Intercreditor Agreement.

[1] Under the Preferred Stock Purchase Agreement, ICC-LLC agreed to sell its nominal portion of the preferred shares, pending approval of this Court, at the same price that was received by the other 99.7% of Preferred Shareholders. The actual closing of such purchase and sale will take place only following Court approval.

C. Litigation Matters Before the Bankruptcy Court

1. General Overview.

The Trustee is a plaintiff in numerous adversary proceedings pending against Jeff Prosser, Dawn Prosser, the adult Prosser children (collectively, the "Adult Prosser Children"), and/or Michael Prosser. Among those adversary proceedings are the following: (a) Adversary Proceeding No. 07-03010 (the "Turnover Adversary Proceeding"); (b) Adversary Proceeding No. 07-03012 (the "New ICC Discharge Adversary Proceeding"); (c) Adversary Proceeding No. 08-03002 (the "Palm Beach Adversary Proceeding"); (d) Adversary Proceeding No. 08-03003 (the "Dawn Prosser FT Adversary Proceeding"); (e) Adversary Proceeding No. 08-03004 (the "Adult Children FT Adversary Proceeding"); and (f) Adversary Proceeding No. 08-03012 (the "Parent Debtors Discharge Adversary Proceeding").[2]

2. Pending Rulings: Exemptions, the Turnover Proceeding and the Jointly Administered FT Proceedings, Palm Beach Summary Judgment, and Discharge Summary Judgment.

a. Exemptions

The presentation of evidence in the exemptions contested matter concluded on October 3, 2008, and the parties presented closing arguments on December 1, 2008. Post-trial briefing is complete and the matter is ripe for the Court's ruling.

b. The Turnover Proceeding and Jointly Administered FT Proceedings

Trial in the Jointly Administered Adversary Proceedings commenced on November 17, 2008 and continued on November 18-20, 2008. On December 5, 2008, the District Court

[2] The Turnover Adversary Proceeding, the Dawn Prosser FT Adversary Proceeding, the Adult Children FT Adversary Proceeding, and Adversary Proceeding No. 08-03006 brought by Trustee James Carroll against Dawn Prosser (collectively, the "Jointly Administered Adversary Proceedings") were consolidated for discovery and trial purposes only pursuant to the Court's *Scheduling Order and Discovery Plan* entered on July 11, 2008 in each of the Jointly Administered Adversary Proceedings.

withdrew reference in the Dawn Prosser FT Adversary Proceeding, as well as the adversary initiated against Dawn Prosser by Trustee James Carroll.

Trial before this Court in the ongoing Turnover Adversary Proceeding and in the Adult Children FT Adversary Proceeding continued, with trial in the Virgin Islands on December 8-9, 2008, in Pittsburgh February 9-11 and March 10, 2009, and back in the Virgin Islands the week of March 23, 2009. The evidentiary portion of the ongoing Turnover Adversary Proceeding and Adult Children FT Adversary Proceeding has now concluded. Post-trial briefing and proposed findings of fact were due by June 15, 2009, closing argument concluded July 23, 2009, and post-trial briefs were submitted September 4, 2009. These matters are now ripe for ruling.

c. Palm Beach

Discovery in the Palm Beach Adversary Proceeding has closed and the dispositive motion deadline has passed. On November 10, 2008, the Court heard argument on the Trustee's and Jeff Prosser's respective motions for summary judgment, and post-trial briefing on the cross motions for summary judgment has been completed. On April 24, 2009, the Court issued an order detailing additional information required for the Court to issue its ruling, and giving parties until May 8, 2009 to respond. Adv. Proc. No. 08-3002, Dkt. No. 185. The requested information has been submitted and the matter is ripe for ruling.

d. Discharge Summary Judgment

On November 13, 2008, the RTFC filed a motion for summary judgment in their discharge adversary against Jeff Prosser (07-3011 DE 60). Jeff Prosser filed an objection to the motion on December 2, 2008, and the RTFC filed their reply on December 9, 2008. The Court held a hearing on the matter on December 19, 2008, and all post-hearing submissions have been completed. This matter is ripe for the Court's ruling.

3. The Discharge Adversary Proceedings.

On December 31, 2007, the Trustee, on behalf of New ICC, filed a complaint challenging the bankruptcy discharge sought by Jeff Prosser and the dischargeability of certain debts incurred by Jeff Prosser. On June 9, 2008, the Trustee, on behalf of the Parent Debtors, filed a similar complaint against Jeff Prosser. Jeff Prosser filed amended answers in each adversary on July 10, 2008. Trial in the various discharge adversary proceedings, except the proceeding commenced by the Greenlight Entities, is set to commence the week of February 1, 2010.

4. The Dawn Prosser FT Adversary Proceedings.

Because reference in the Dawn Prosser FT Adversary Proceedings has been withdrawn, that adversary proceeding is currently pending before the District Court. On April 29, 2009, the District Court entered a Scheduling Order in the Dawn Prosser FT Adversary Proceeding, establishing various deadlines and setting the matter for trial commencing on December 1, 2009 in the U.S. Virgin Islands. Dist. Ct. Case No. 08-146, Dkt. No. 10. On August 24, 2009, respective counsel for trustee James Carroll, the Trustee, and Dawn Prosser filed their *Joint Motion to Abate and Continue Trial Setting* with the District Court (District Court Case No. 08-146, Dkt. No. 16, the "Motion to Abate"), requesting that the District Court abate and adjourn the Dawn Prosser FC Action until this Court is able to enter an order in the Turnover Adversary Proceeding. As reflected in the Motion to Abate, the parties mutually agree that the decision reached by this Court in the Turnover Adversary Proceeding will define and possibly narrow the issues that must be tried before the District Court in the Dawn Prosser FC Action. The District Court has not yet ruled on the motion.

5. Chapter 11 Trustee's Avoidance Actions.

The Trustee has commenced numerous avoidance actions against parties that received avoidable transfers from New ICC in transactions wherein there was no apparent benefit to the estate. Certain of these proceedings, including those brought against accounting or legal firms, have been transferred to Judge Walrath. All other proceedings remain before this Court.

D. Appeals

There are currently four appeals pending before the Third Circuit[3] and six appeals pending before the District Court.[4] There have been two new appeals filed since the August 31st omnibus hearing, including Jeff Prosser's appeal of this Court's order denying his request for a blanket stay of all proceedings (Appeal No. 09-139) and Dawn Prosser's appeal of this Court's order enjoining her from prosecuting a suit filed against FirstBank Puerto Rico in the Superior Court of the Virgin Islands (Appeal 09-123). There has been no other substantive activity in the pending appeals.

Dated: October 7th 2009

[3] Including Third Circuit Appeals 08-2626 (Jeff Prosser's appeal of the District Court order affirming the Terms and Conditions order); 08-2692 (Jeff Prosser's appeal of the District Court order affirming the Prosser conversion order); 08-3894 (the Greenlight Entities' appeal of the District Court order affirming the order overruling Greenlight's objection to the proof of claim filed by Banco Popular); and 09-1827 (Dawn Prosser's appeal of the District Court order denying her leave to appeal, which Dawn Prosser has voluntarily moved to dismiss).

[4] Including District Court Appeals 07-130 (John Raynor's mandamus action arising from the Trustee's appointment in the New ICC case); 08-113 (Dawn Prosser's appeal of the second Lake Placid sale order arising from Adversary No. 06-3009); 09-0073 (Merrill Lynch Credit Corporation's appeal of the order denying its motion to lift stay); 09-109 (Robert Craig's appeal of the order dismissing his adversary proceeding against the Greenlight Entities); 09-123 (Dawn Prosser's appeal of the order enjoining the Superior Court lawsuit against FirstBank Puerto Rico); and 09-139 (Jeff Prosser's appeal of the order denying a request for a global stay of all proceedings).

Respectfully submitted,

By: /s/

Daniel C. Stewart, SBT #19206500
James J. Lee, SBT #12074550
Michaela C. Crocker, SBT #24031985
VINSON & ELKINS L.L.P.
Trammell Crow Center
2001 Ross Avenue, Suite 3700
Dallas, Texas 75201
Tel: 214.220.7700
Fax: 214.220.7716
COUNSEL FOR STAN SPRINGEL, CHAPTER 11 TRUSTEE

- and -

Benjamin A. Currence, Esq.
LAW OFFICES OF BENJAMIN A. CURRENCE
5045 Norre Gade, Ste. 2
P.O. Box 6143
St. Thomas, VI 00804-6143
Tel: (340) 775-3434
Fax: (340) 774-1001
LOCAL COUNSEL FOR STAN SPRINGEL, CHAPTER 11 TRUSTEE

Prosser Letter 11-10-2009 to PSC re Change of Control

Exhibit B

Prosser Letter of June 2008 to Chapter 11 Trustee et al

Jeffrey J. Prosser
252 El Bravo Way
Palm Beach, Florida 33480

Mr. Stan Springel, the Trustee
Alvarez & Marsal
100 Pine Street
Suite 900
San Francisco, CA 94111

Mr. Terryl Jacobs
Slope Electric Cooperative, Inc.
116 East 12th Street
P.O. Box 338
New England, ND 58647-0338

Mr. R. Wayne Stratton
Jones, Nale & Mattingly PLC
Certified Public Accountants
642 South Fourth Avenue, Suite 300
Louisville, KY 40202-9975

Mr. David Einhorn
Greenlight Capital Inc.
2 Grand Central Tower
140 East 45 Street
Floor 24
New York, NY 10017

RE: The properties in the estates of Jeffrey J. Prosser ("Prosser") & Innovative Communication Corporation ("New ICC")

TO ALL CONCERNED:

In a memo dated August 18, 2004, authored by Robert Geier, before he became the Chief Accounting Officer and Controller of the National Rural Utilities Cooperative Finance Corporation ("CFC"), discussed his meeting with representatives of Ernst & Young LLP which include the following statements about New ICC:

1. "ICC is a viable business that can be operated in a manner to pay the debt service";

2. "we [CFC] have finally decide we have had enough and want to replace management"; and

3. "we [CFC] initially moved the [New ICC's loan loss] reserve up to $99 million, we subsequently reduced it to $92 million based on the analysis and adding the pat cap to that analysis as an offset".

Clearly, the decision to remove New ICC's management has had detrimental financial consequences to CFC beyond anyone's expectations when CFC initiated a foreclosure action against New ICC.

I write this letter to see if personal grudges and resentments can be set aside so that economics and reason will enable a settlement to this intractable dispute. Mr. Stan Springel clearly has a legal duty to maximize the estate. Each of you has a fiduciary duty to allow economics, rather than emotions, to control the decision with respect to proposals set forth in this letter.

I seek to end this mutual self-destructive pattern, and by sending this letter, I am making an offer to settle this matter once and for all. Please consider the following:

1. I had previously arranged financing in the sum total of $620 Million which then would have yielded RTFC and Greenlight $402 Million to be divided as they may agree.

2. I am the only purchaser that does not need the approval of the Virgin Islands Public Services Commission (the "PSC") to own the regulated companies at issue.

3. I am the only buyer who does not need a waiver from the FCC to own both telephone and cable television ("CATV") companies in the United States Virgin Islands.

4. I am the only buyer that does not need the approval of the regulatory authorities of various non-USVI companies owned by New ICC.

I have had over 20 years of experience operating a business in the Virgin Islands and represent the best chance to maximize the enterprise value of New ICC.

I offer a choice: (i) a cash offer and (ii) an offer that requires CFC's financing. Both offers are subject to court approval and the settlement of the bankruptcy of New ICC and my personal bankruptcy with my retention of all of my personal assets. Both offers are subject to a 30-day due diligence period followed by a firm financing commitment. Both offers are contingent upon New ICC reaching an accord and satisfaction with the Preferred Shareholders of the Virgin Islands Telephone Corporation ("Vitelco"). The scope of the due diligence not only includes New ICC and the New ICC subsidiaries, but also extends to the prospects of obtaining Economic Development Exemption ("EDC Benefits") and to the pending rate investigation/proceeding.

The offers are –

Cash Offer: RTFC and Greenlight will be entitled to keep the proceeds of asset sales that have taken place to date and will additionally be paid the sum of $250 Million to be divided between RTFC and Greenlight as such parties shall agree. Additionally, subject to one exception noted hereinafter, each party will execute mutual general releases in favor of the other parties.

The RTFC Finance Offer: New ICC will pay RTFC the sum of $440 Million provided the terms of the financing are equivalent to the terms of the bankruptcy settlement with

Denton County Electric Cooperative. Additionally, RTFC must lend New ICC an additional sum of $50 Million to be provided at RTFC's standard rates with a 15-year repayment term. The $50 Million will be available to both New ICC and me. These funds are needed for New ICC to pay past unfunded pension liabilities and other expenses, and because of the damage done to my credit, I will require funds to pay off certain obligations that can no longer be financed.

I HAVE BEEN FALSELY ACCUSED OF HAVING UNDISCLOSED ON-SHORE AND OFF-SHORE ACCOUNTS. I agree to except from any release any undisclosed on-shore accounts and off-shore accounts including banking, investment banking, and safe deposit accounts held by me, my wife, or my children, directly or indirectly, at the time of this settlement should RTFC or Greenlight later discover the existence of said accounts.

This offer should be seriously considered and accepted for the following reasons:

1. Based upon my understanding of the current situation, the cash offer of $250 Million exceeds the net proceeds available from all other offers by a significant amount.

2. Any effort to seek a waiver to allow the ownership of both the CATV and Vitelco by one owner will surely be opposed by those seeking to compete with the new owner.

3. Any proposed owner of the regulated businesses will be subject to the approval process of the PSC which, in all probability, will add significant time before a buyer can close.

4. Vitelco is facing a rate proceeding and the potential loss of EDC benefits. By my calculations the foregoing has the potential of costing New ICC in excess of $25 Million a year in cash flow. Under my leadership the companies have been able to work with the regulators under numerous administrations to avoid such a significant adjustment.

My offer shall be deemed rejected if I do not have a response by the end of the business day, Wednesday, June 25, 2008.

Sincerely,

Jeffrey J. Prosser

Prosser Letter 11-10-2009 to PSC re Change of Control

Exhibit C

Prosser Letter dated June 24, 2008 to CFC CEO Peterson

Jeffrey J. Prosser
252 El Bravo Way
Palm Beach, Florida 33480

June 24, 2008

Mr. Sheldon C. Petersen
Governor & CEO
National Rural Utilities Cooperative
Finance Corporation
2201 Cooperative Way
Herndon, VA 20171

Mr. Roger Arthur, President
National Rural Utilities Cooperative
Finance Corporation
c/o Allamakee-Clayton Electric
Cooperative
228 W. Green Street
Postville, IA 52162

Dear Messrs. Petersen and Arthur:

The current economic disaster between CFC/RTFC, ICC and myself has been escalating for over two years now. Unarguably, your organization and mine have not benefited at all as a result of this situation. In fact, given what the trustee and his professionals are doing, I believe it will cost VITELCO alone over Twenty-five Million Dollars per year. This is a result of the potential loss of the EDC tax benefits which VITELCO has had since 1973, the current rate review which we had done five years ago by the staff without public statements, and the loss of the advisory fee which is six percent (6%) of VITELCO's gross revenue. The advisory fee is under attack because the trustee is pushing down all expenses to VITELCO and eliminating ICC personnel. The advisory fee was allowed as an expense in the rate making process. The other political blunders throughout the islands have disaster written all over them.

When one looks at who is benefiting from this process again it is not either of us. The trustee and his professionals have billed over Twenty Million Dollars so far. Their negative results speak for themselves. Your lawyers and mine continue to bill regardless of the results. The one thing they all have in common is no down side unless their bills don't get paid. Their personal feelings should mean nothing since in the end they are hired guns there for their own benefit. If you review all the time and money spent looking into the records of the company as they relate to me it is amazing they have

found nothing that wasn't recorded on the company's books and included in the annual audit. NOT ONE TRANSACTION.

My concern in writing to you now is because of my experience and knowledge in dealing with the issues mentioned above before it is too late to reverse the severe damage being caused by these professionals. Once the regulatory bodies take an adverse action it will take us years to overturn and would seriously jeopardize the financial existence of the company. Because of this, it would behoove your organization and mine to meet as soon as possible as business people to resolve and move this situation forward once and for all. In today's financial world I can't believe that any lender would write-off over Four Hundred Million Dollars if they don't have to.

I sent a proposal to the trustee which, as of today, he has not responded to and it would seem a good place to start. I attach a copy in case you didn't see it. Please note in that offer I except from any release any and all funds controlled directly or indirectly by my family or I and not disclosed. Therefore, all such funds would be the property of RTFC/CFC.

I look forward to hearing from you so that we may begin the process of resolution. My numbers are: Home: (561) 655-5370 and Cell: (561) 346-6328.

Sincerely,

Jeffrey J. Prosser

Prosser Letter 11-10-2009 to PSC re Change of Control

Exhibit D

Silver Point $620 Million Commitment Letter dated 06-27-2007

COMMITMENT LETTER
$620 MILLION SENIOR SECURED CREDIT FACILITIES

June 27, 2007

Innovative Communication Corporation
Bierget House
55-58 Hill Street, Christiansted
St. Croix, U.S. Virgin Islands 00821
Attention: Jeffrey J. Prosser

Virgin Islands Telephone Corporation
c/o Innovative Communication Corporation
Bierget House
55-58 Hill Street, Christiansted
St. Croix, U.S. Virgin Islands 00821
Attention: David Sharp

Rothschild Inc.
1251 Avenue of the Americas
New York, NY 10020
Attention: Neil Augustine, Managing Director
Homer D. Parkhill, Director

Gentlemen:

Set forth on Attachment A hereto is an outline of the terms and conditions pursuant to which Silver Point Finance, LLC (acting individually or through one or more of its affiliates) ("***Silver Point***"), Avenue Special Situations Fund IV, LP and Avenue Special Situations Fund V, LP (collectively, including their affiliates, "***Avenue***") and Canyon Capital Advisors LLC (including their affiliates, "***Canyon***") (Silver Point, Avenue and Canyon, each a "***Lead Lender***" and, collectively, the "***Lead Lenders***") are pleased to advise you of its commitment to provide financing in support of the proposed restructuring of the assets of Innovative Communication Corporation (the "***Company***") and its subsidiaries (including Virgin Islands Telephone Corporation ("***Vitelco***", and together with the Company, the "***ICC Parties***")). The Lead Lenders understand that the ICC Parties would like to arrange financing in order to (i) refinance certain existing indebtedness of the Company and its subsidiaries, (ii) make certain settlement and other payments in connection with the current bankruptcy proceedings with respect to the parent holding companies of the Company as provided in the materials delivered to Silver Point and in your May 25th letter to Silver Point, (iii) satisfy certain pension funding obligations, (iv) finance the general corporate purposes of the Company and its subsidiaries, (v) finance Vitelco's acquisition of St. Croix Cable TV, Inc., Caribbean

Communications Corp. and Vitelcom Cellular, Inc. (collectively, "***ICC Wireless and ICC Cable***"), and (vi) pay fees and expenses associated with such restructuring and the "***Credit Facility***" as defined in Attachment A (collectively, the "***Transaction***").

This letter establishes terms and conditions under which the Lead Lenders are committed to provide the Credit Facility to the ICC Parties.

The ICC Parties shall be jointly and severally liable for all of their obligations hereunder.

Commitment

The ICC Parties have requested that the Lead Lenders commit to provide the entire amount of the Credit Facility upon the terms and subject to the conditions set forth or referred to in this commitment letter, including Attachment A (capitalized terms used but not defined herein have the meanings given such terms in such Attachment). Based on the foregoing, (i) Silver Point is pleased to confirm by this commitment letter its commitment to provide $370 million of the Credit Facility, (ii) Avenue is pleased to confirm by this commitment letter its commitment to provide $150 million of the Credit Facility, and (iii) Canyon is pleased to confirm by this commitment letter its commitment to provide $100 million of the Credit Facility. The obligations of the Lead Lenders hereunder are several and not joint. It is agreed that Silver Point will act as the sole and exclusive administrative agent for the Credit Facility and will perform the duties and exercise the authority customarily performed and exercised by it in such role. The ICC Parties agree that no other agents, co-agents, arrangers or book runners will be appointed, and no other titles will be awarded and no compensation (other than that expressly contemplated by this Commitment Letter, including Attachment A) will be paid in connection with the Credit Facility unless the Company and Silver Point shall so agree. The ICC Parties also agree that the closing date of the Transaction and the concurrent closing of the Credit Facility shall be a date mutually agreed upon between the Company and the Lead Lenders, but in any event shall not occur until the terms and conditions hereof have been satisfied.

Conditions Precedent

The commitment of the Lead Lenders in respect of the Credit Facility and the undertaking of Silver Point to provide the services described herein are subject to the satisfaction of the conditions precedent set forth in Attachment A, in a manner reasonably acceptable to the Lead Lenders, the Agent and the Company. No closing of the Credit Facility shall take place if the conditions set forth in Attachment A are not satisfied or any covenant or agreement in this commitment letter or any representation or warranty in this commitment letter is not true and correct as of the closing date of the Credit Facility.

The terms and conditions set forth herein and in Attachment A are a summary of the material terms of the Credit Facility and matters not covered or made clear herein or in Attachment A are subject to mutual written agreement of the parties.

Costs, Fees and Expenses

In consideration of this commitment and recognizing that, in connection herewith, the Lead Lenders are incurring costs and expenses and allocating internal resources (including, without limitation, fees and disbursements of counsel, filing and recording fees, costs and expenses of due diligence, syndication, transportation, duplication, messenger, appraisal, audit, and consultant costs and expenses), the ICC Parties hereby agree to pay or reimburse the Lead Lenders on demand for all such reasonable costs and expenses (collectively, "***Expenses***"), regardless of whether any of the transactions contemplated hereby are consummated. The ICC Parties also agree to pay to the Lead Lenders on demand all Expenses of the Lead Lenders (including, without limitation, fees and disbursements of counsel) incurred in connection with the enforcement of any of its rights and remedies hereunder. The ICC Parties also agree to pay the fees set forth on Annexes A-I and A-II to Attachment A as and when such fees may become due and payable. The ICC Parties agree that, once paid, all of the foregoing fees and Expenses or any part thereof shall not be refundable under any circumstances, regardless of whether the transactions or borrowings contemplated hereby are consummated, and shall not be creditable against any other amount payable in connection herewith or otherwise. All fees and Expenses payable hereunder shall be paid in immediately available funds. The ICC Parties agree that the Lead Lenders may, in their discretion, share all or a portion of any of the fees and the below-mentioned Deposit payable hereunder with any other lender under the Credit Facility (it being understood and agreed that, without limiting and subject to the right of the Lenders to increase such fees as set forth under *"Syndication"* below, such sharing will not result in an increase of such fees and expenses payable or reimbursable by the ICC Parties).

Upon accepting this commitment letter, the ICC Parties agree to pay to Silver Point, on behalf of the Lead Lenders, an expense deposit of $500,000 (the "***Deposit***") which amount shall be applied to the payment of Expenses payable by the ICC Parties pursuant to the preceding paragraph. The portion of the Deposit not used to pay Expenses shall be applied to the payment of fees payable on the Closing Date or, if earlier, the termination of this commitment letter and any unused portion remaining after such application shall be promptly returned to the ICC Parties.

Confidentiality

The parties hereto agree that this commitment letter (including Attachment A) is confidential and neither its existence nor the terms hereof will be disclosed by any party hereto to any person (other than its officers, directors, employees, accountants, attorneys and other advisors, in each case, on a "need-to-know" basis and, in the case of the Lead Lenders, to potential lenders or financing parties, in connection with the transactions contemplated hereby and on a confidential basis) without the prior written consent of the other parties hereto; provided, that no such consent shall be required (i) with respect to disclosures by any Lead Lender, as would be permitted if this letter and the transactions contemplated hereby were confidential information covered by the most-recently executed confidentiality agreement between such Lead Lender and the Company and (ii)

with respect to disclosures by the ICC Parties, following receipt by Silver Point of the Deposit and commitment fee payable as a condition to effectiveness of this Commitment Letter, for (x) the filing of this Commitment Letter under seal with the Bankruptcy Court, including the right to share it with the relevant bankruptcy trustee, (y) the provision of a full copy of this Commitment Letter to the parties to the Terms and Conditions dated April 26, 2006, and (z) for the filing of this Commitment Letter on a confidential basis with the PSC, provided that in each case pursuant to this clause (ii) all fee amounts contained herein (including in Attachment A) are redacted and the Lead Lenders have been given a reasonable opportunity to review and comment on any written description of this commitment letter or the transactions contemplated hereby that may accompany such disclosure by the ICC Parties.

Arm's-Length Transaction

In connection with all aspects of each transaction contemplated by this commitment letter, the ICC Parties acknowledge and agree that: (i) the Credit Facility and any related arranging or other services described in this commitment letter are an arm's-length commercial transaction between the ICC Parties and their affiliates, on the one hand, and the Lead Lenders, on the other hand, and the ICC Parties are capable of evaluating and understanding and understand and accept the terms, risks and conditions of the transactions contemplated by this commitment letter; (ii) in connection with the process leading to such transaction, each Lead Lender is and has been acting solely as principal and is not the financial advisor or fiduciary for the ICC Parties or any of their subsidiaries or affiliates, stockholders, creditors or employees or any other party; (iii) each Lead Lender has not assumed nor will it assume an advisory or fiduciary responsibility in favor of the ICC Parties or any of their subsidiaries or affiliates with respect to any of the transactions contemplated hereby or the process leading thereto (irrespective of whether such Lead Lender has advised or is currently advising the Company or its subsidiaries or affiliates on other matters) and no Lead Lender has any obligation to the ICC Parties or their subsidiaries or affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth in this letter and the definitive loan documentation; (iv) each Lead Lender and its respective affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the ICC Parties, their subsidiaries and affiliates and no Lead Lender has any obligation to disclose any of such interests by virtue of any advisory, agency or fiduciary relationship; and (v) no Lead Lender has provided any legal, accounting, regulatory or tax advice with respect to any of the transactions contemplated hereby and the ICC Parties have consulted their own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate. Each ICC Party hereby waives and releases, to the fullest extent permitted by law, any claims that it or its subsidiaries or affiliates may have against the Lead Lenders or any of them with respect to any breach or alleged breach of fiduciary duty.

Information

The Company hereby represents and covenants that (i) all information (other than Projections) that has been or will be made available to the Lead Lenders or any of them

by the Company and any of its respective representatives in connection with the transactions contemplated hereby (the "***Information***"), is or will be complete and correct in all material respects and does not or will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which such statements are made, not misleading, and (ii) all financial information and projections ("***Projections***") that have been or will be made available to the Lead Lenders or any of them by the Company or its representatives in connection with the transactions contemplated hereby have been or will be prepared in good faith based upon assumptions believed to be reasonable at the time made. In issuing this commitment letter, the Lender Lenders are relying on the accuracy of the Information and, in arranging and syndicating the Credit Facility, the Lead Lenders may use and rely on the Information, without independent verification thereof. The Company agrees to supplement the Information and any Projections previously furnished, or that will be furnished, from time to time and agrees to promptly notify us of any changes in circumstances that could reasonably be expected to call into question the continued reasonableness of any assumption underlying any Projections previously furnished, or that will be furnished, by or on behalf of the Company.

Syndication

The Lead Lenders may syndicate the Credit Facility and/or the commitment to provide the Credit Facility to additional lenders with a corresponding reduction in the Lead Lenders' share of the Credit Facility. A Successful Syndication (as defined below) is not a condition precedent to the respective commitments of the Lead Lenders hereunder. Silver Point will manage all aspects of any syndication, including the selection of potential lenders, the timing of all offers to potential lenders, the acceptance of commitments, the amount offered and the compensation provided.

From the date hereof until a Successful Syndication, the Company agrees, on behalf of itself and its subsidiaries, to take such commercially reasonable actions as Silver Point may reasonably request from time to time to assist Silver Point in forming a syndicate, including, without limitation, (i) using reasonable efforts to make senior management, representatives and advisors of each of the Company and its subsidiaries available to prepare for and participate in lender meetings and other communications with potential lenders at such times and places as Silver Point may reasonably request, (ii) assisting in the preparation of information memoranda for the Credit Facility and other marketing materials to be used in connection with the syndication thereof, including causing such information memoranda to conform to market standards as reasonably determined by Silver Point, (iii) providing copies of any due diligence reports or memoranda prepared at the direction of the Company or any of its affiliates by legal, accounting, tax or other advisors in connection with the Transaction (subject to the delivery of customary non-disclosure agreements reasonably acceptable to Silver Point and subject to reasonable measures requested by the Company to preserve any attorney-client privilege applicable to such information), and (iv) promptly providing and causing the Company's advisors to provide, Silver Point with all information, including Projections, reasonably deemed necessary by Silver Point to successfully complete the syndication of the Credit Facility. The Company also agrees to work with Silver Point, at

the Company's expense, to procure a rating for the Credit Facility by Moody's Investors Service, Inc. and Standard & Poor's Ratings Group if requested by Silver Point (it being understood that the procurement of a rating is not a condition to the commitments of the Lead Lenders or of funding).

For the purposes of this commitment letter, the term "***Successful Syndication***" shall mean the loans and commitments of the Lead Lenders under the Credit Facility shall, in the aggregate, be less than $400 million.

The ICC Parties agree that Silver Point shall be entitled at any time (whether before or after the execution and delivery of definitive loan documentation), after consultation with the Company, to change the structure, tranching, and collateral components of the Credit Facility if Silver Point determines that such changes are necessary to ensure the Successful Syndication of the Credit Facility; provided, that no such change shall result in (i) a reduction of the aggregate amount of the commitments for the Credit Facility below $620 million or (ii) a shortening of the scheduled maturity of any component of the Credit Facility. The Company further agrees to enter into and to cause its subsidiaries and affiliates to enter into such amendments to the definitive loan documentation and such additional documents as may be necessary or reasonably requested by Silver Point to document any changes to the terms of the Credit Facility made pursuant to the preceding sentence.

The Company's agreements under this section shall continue and survive until the completion of a Successful Syndication of the Credit Facility (as determined by Silver Point) notwithstanding the closing of the Credit Facility.

Exclusivity and Commitment Fee

From and after the acceptance hereof by the ICC Parties and up to and including December 31, 2007 (or such later date as may be necessary for the Company to obtain the requisite bankruptcy or regulatory approvals, or to otherwise satisfy the conditions to financing if the Lead Lenders, in their sole discretion, have agreed to extend the commitment termination date specified below), each ICC Party hereby agrees to work exclusively with the Lead Lenders to accomplish the Credit Facility and agrees that neither it nor its affiliates will, directly or indirectly (a) engage in any discussions with another lender or funding source regarding an alternative financing to the Credit Facility, (b) solicit or accept a proposal or commitment from another lender or funding source in connection with an alternative financing to the Credit Facility, or (c) otherwise permit or encourage another person to solicit a financing proposal or conduct due diligence in connection with an alternative financing to the Credit Facility.

It shall be a condition to the acceptance of this commitment by the ICC Parties that they pay to Silver Point, on behalf of the Lead Lenders and to be allocated among the Lead Lenders as they shall agree, a commitment fee on the dates and in the amounts specified in Annex A-II to Attachment A (which amount is in addition to any other amount paid or payable hereunder). The ICC Parties agree that upon their acceptance of this commitment, the entire commitment fee as so specified is fully earned and payable

by the ICC Parties on the dates provided for herein and once paid the commitment fee or any part thereof shall not be refundable under any circumstances, regardless of whether the transactions or borrowings contemplated hereby are consummated, and shall not be creditable against any other amount payable in connection herewith or otherwise, except that 100% of the commitment fee shall be credited against the closing fee detailed in Annex A-II to Attachment A on the Closing Date.

Indemnification

Each of the ICC Parties agrees to indemnify and hold harmless each Lead Lender, and each of its affiliates and each of its and its affiliates' respective officers, directors, partners, shareholders, trustees, controlling persons, employees, agents, advisors, attorneys and representatives (each, an "***Indemnified Party***") from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, fees and disbursements of counsel), that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or relating to this commitment letter or the transactions contemplated hereby, any use made or proposed to be made with the proceeds of the Credit Facility, or any claim, litigation, investigation or proceeding relating to any of the foregoing, regardless of whether any Indemnified Party is a party thereto, and the ICC Parties shall reimburse each Indemnified Party upon demand for all legal and other expenses incurred by it in connection with investigating, preparing to defend or defending, or providing evidence in or preparing to serve or serving as a witness with respect to, any lawsuit, investigation, claim or other proceeding relating to any of the foregoing (including, without limitation, in connection with the enforcement of the indemnification obligations set forth herein), irrespective of whether the transactions contemplated hereby are consummated, except to the extent such claim, damage, loss, liability, or expense is (i) found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence, bad faith or willful misconduct or (ii) arose out of a claim, litigation or proceeding brought by an Indemnified Party against any other Indemnified Party that does not (a) involve an act or omission by an ICC Party or its affiliates and (b) relate to a claim, litigation, investigation or proceeding brought by a person other than an Indemnified Party for which the Indemnified Party would be entitled to indemnification hereunder.

Each of the ICC Parties agree that no Indemnified Party shall have any liability (whether direct or indirect, in contract, tort or otherwise) to the ICC Parties or any of their subsidiaries or affiliates for or in connection with the transactions contemplated hereby, except to the extent such liability is found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence, bad faith or willful misconduct. In no event, however, shall any Indemnified Party be liable on any theory of liability for any special, indirect, consequential or punitive damages. Each ICC Party further agrees that, without the prior written consent of the Lead Lenders, it will not and will cause its subsidiaries not to enter into any settlement of any lawsuit, claim or other proceeding arising out of this commitment letter or the transactions contemplated hereby unless such settlement (i) includes an explicit

and unconditional release from the party bringing such lawsuit, claim or other proceeding of all Indemnified Parties and (ii) does not include a statement as to or an admission of fault, culpability, or a failure to act by or on behalf of any Indemnified Party. No Indemnified Party shall be liable for any damages arising from the use by unauthorized persons of any information made available to the Lead Lenders by an ICC Party or any of its representatives through electronic, telecommunications or other information transmission systems that is intercepted by such persons.

Governing Law, etc.

This commitment letter shall be governed by, and construed in accordance with, the law of the State of New York. Each of the parties hereto irrevocably consents to the jurisdiction and venue of the federal and/or state courts located within the City of New York. The parties hereto hereby waive, to the fullest extent permitted by applicable law, any objection that they may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to the provisions of this commitment letter brought in any such court, and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. This commitment letter sets forth the entire agreement between the parties with respect to the matters addressed herein and supersedes all prior communications, written or oral, with respect hereto and supersedes, in its entirety, all prior commitment letters delivered by a Lead Lender. This commitment letter may be executed in any number of counterparts, each of which, when so executed, shall be deemed to be an original and all of which, taken together, shall constitute one and the same letter. Delivery of an executed counterpart of a signature page to this letter by fax shall be as effective as delivery of a manually executed counterpart of this letter. This commitment letter is not assignable by the ICC Parties without the prior written consent of the Lead Lenders. In connection with a syndication of all or a portion of the commitment hereunder to provide the Credit Facility, the rights and obligations of a Lead Lender may be assigned and delegated, in whole or in part, as provided above, and upon such delegation, such Lead Lender shall be relieved and novated hereunder from its obligations with respect to any portion of its commitment to provide the Credit Facility that has been delegated as provided above. This commitment letter is intended to be solely for the benefit of the parties hereto, the Indemnified Parties, and their respective successors and assigns. Nothing herein, express or implied, is intended to or shall confer upon any other third party any legal or equitable right, benefit, standing or remedy of any nature whatsoever under or by reason of this commitment letter.

Each Lead Lender hereby notifies you that, pursuant to the requirements of the USA Patriot Act, Title III of Pub. L. 107-56 (signed into law October 25, 2001), as amended (the "***Patriot Act***"), it may be required to obtain, verify and record information that identifies the ICC Parties, which information includes the name, address and tax identification number and other information regarding them that will allow the Lead Lenders to identify them in accordance with the Patriot Act. Each ICC Party agrees to provide the Lead Lenders with all documentation and other information required by bank regulatory authorities under the Patriot Act and any other "know your customer" and anti-money laundering rules and regulations.

Waiver of Jury Trial

Each party hereto irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this letter or the transactions contemplated by this letter or the actions of a Lead Lender or any of its affiliates in the negotiation, performance, or enforcement of this letter.

Please indicate your acceptance of the provisions hereof by signing the enclosed copy of this letter and returning it, together with the Deposit and commitment fee referenced above (wiring instructions attached), to Silver Point at or before 5:00 p.m. (Eastern Time) on or before June 28, 2007. If the ICC Parties elect to deliver this letter by fax or electronic mail, please arrange for the executed original to follow by next-day courier. All respective commitments and undertakings of the Lead Lenders under this commitment letter will expire at 5:00 p.m. (Eastern Time) on June 28, 2007, unless the ICC Parties execute this commitment letter as provided above and pay the Deposit and commitment fee referenced above at or before such time. Thereafter, all accepted commitments and undertakings of the Lead Lenders will expire on the earliest to occur of (i) December 31, 2007 (or such later date as may be necessary for the Company to obtain the requisite bankruptcy or regulatory approvals, or to otherwise satisfy the conditions to financing if the Lead Lenders, in their sole discretion, have agreed to extend the commitment termination date specified below), unless the closing of the Credit Facility occurs on or prior thereto and (ii) the consummation of the Transaction or any material component thereof without the use of the Credit Facility. In addition, all accepted commitments and undertakings of the Lead Lenders hereunder may be terminated by any Lead Lender if the Company fails to perform its obligations hereunder on a timely basis following written notice by such Lead Lender of such failure and such failure continuing without cure for five business days (being days other than a Saturday or Sunday) after such notice is given. The provisions of this commitment letter regarding Costs and Expenses, Confidentiality, Indemnity, Exclusivity and Commitment Fee, Governing Law, etc., and Waiver of Jury Trial shall remain in full force and effect regardless of whether any definitive documentation for the Credit Facility shall be executed and delivered and notwithstanding the termination of this commitment letter or any commitment or undertaking of a Lead Lender hereunder, and the provisions of this commitment letter regarding Syndication shall survive the execution and delivery of any definitive documentation for the Credit Facility. Except as provided in the preceding sentence, the Company's obligations hereunder shall automatically terminate and be superseded by the provisions of the definitive loan documentation upon the initial funding thereunder and the payment of all amounts owing at such time hereunder.

[Remainder of page intentionally left blank; signature page follows.]

Very truly yours,

SILVER POINT FINANCE, LLC

By: _____

Title: _____

AVENUE SPECIAL SITUATION FUND IV, LP

By: _____

Title: _____

AVENUE SPECIAL SITUATION FUND V, LP

By: _____

Title: _____

CANYON CAPITAL ADVISORS LLC

(on behalf of its funds and managed accounts)

By: _____

Title: _____

ACCEPTED AND AGREED TO
this ___ day of June, 2007

INNOVATIVE COMMUNICATION CORPORATION

By: _____

Title: _____

VIRGIN ISLANDS TELEPHONE
CORPORATION

By: _____

Title: _____

Very truly yours,

SILVER POINT FINANCE, LLC

By: _____
Frederick H. Fogel
Authorized Signatory

Title: _____

Very truly yours,

AVENUE SPECIAL SITUATIONS FUND IV, LP

By: Avenue Capital Partners IV, LLC, its General Partner

By: GL Partners IV, LLC, its General Partner

By: _____
Name: Sonia Gardner
Title: Partner

Very truly yours,

AVENUE SPECIAL SITUATIONS FUND V, LP

By: Avenue Capital Partners V, LLC, its General Partner

By: GL Partners V, LLC, its General Partner

By: _____
Name: Sonia Gardner
Title: Partner

Very truly yours,

CANYON CAPITAL ADVISORS LLC
(on behalf of its funds and managed accounts)

By: _____
Name: Mitch Julis
Title: Managing Partner

ACCEPTED AND AGREED TO
this ___ day of June, 2007

INNOVATIVE COMMUNICATION CORPORATION

By: _____

Title: CEO / Chairman

VIRGIN ISLANDS TELEPHONE CORPORATION

By: _____

Title: _____

ACCEPTED AND AGREED TO
this ___ day of June, 2007

INNOVATIVE COMMUNICATION
CORPORATION

By: _____

Title: _____

VIRGIN ISLANDS TELEPHONE
CORPORATION

By: _____

Title: Pres & CEO

WIRING INSTRUCTIONS

Silver Point Finance, LLC
2 Greenwich Plaza
Greenwich, CT 06830
Attn: Nancy Weir
(203) 542-4469

c/o CITIBANK, N.A.
153 East 53rd Street
New York, New York 10022

Routing Number:	021000089
Account Number:	48901908
Reference:	ICC

ATTACHMENT A

SUMMARY OF TERMS AND CONDITIONS

OF THE SENIOR SECURED CREDIT FACILITY

I. Parties

Borrowers ..... The principal borrower under the Credit Facility shall be a newly formed, special purpose, bankruptcy-remote, wholly-owned US Virgin Islands subsidiary (the ***"Borrower"***) of Innovative Communication Corporation ("***ICC***"), to which subsidiary all currently owned shares and other assets of ICC shall have been transferred. The Borrower will be required to be structured to ensure that the assets and liabilities of the Borrower cannot be substantively consolidated with those of ICC or any of its affiliates.

Virgin Islands Telephone Corporation ("***Vitelco***") shall also be a "Borrower" hereunder to the extent of all funds borrowed by it as detailed more fully below and all references to "Borrower" hereunder shall (unless the context otherwise requires) include Vitelco with respect to the amounts borrowed by it.

Guarantors..... ICC, to the extent in existence, Innovative Communication Company, LLC and Emerging Communications, Inc. (collectively, the ***"Parent Companies"***) and all of their and the Borrower's direct and indirect subsidiaries, including Belize Telecom Ltd. ("***BTL***") and the below-defined Prosser Holdco but excluding Vitelco (collectively, the ***"Guarantors"***; the Borrower, Vitelco and the Guarantors, collectively, the ***"Credit Parties"***).

Agent ..... Silver Point Finance, LLC (in such capacity, the ***"Agent"***).

Lenders ..... Silver Point, Avenue Special Situations Fund IV, LP, Avenue Special Situations Fund V, LP and

Canyon Capital Advisors LLC (each a "***Lead Lender***" and, collectively, the "***Lead Lenders***") or one or more of their respective affiliates, and other lenders designated by Agent (collectively, the ***"Lenders"***).

II. **Senior Secured Credit Facility**

Senior secured term loans and a revolving credit facility in an aggregate principal amount equal to $620 million (the "***Facility Amount***") (the loans thereunder, the ***"Credit Facility"***), comprising:

(A) a term loan to Vitelco (the "***Vitelco Term Loan***"), the proceeds of which shall be used to (i) repay in full the approximately $62.2 million of indebtedness currently owed to the Federal Financing Bank and the Rural Utilities Service of the US Department of Agriculture (collectively, the "***RUS Debt***"), and the approximately $4.5 million of indebtedness currently owed to Mid-City Bank and (ii) acquire all of the assets or stock of ICC Wireless and ICC Cable (to the extent required hereunder).

(B) a term loan to the Borrower (the "***Borrower Term Loan"),*** the proceeds of which shall be used by the Borrower (as a dividend to a Parent Company or otherwise) to (1) obtain a general release, discharge and settlement (the ***"Settlement"***) of any and all claims of the RTFC, the CFC and the Greenlight Entities (as each of those terms is used in the Terms and Conditions of Settlement of Claims of RTFC, CFC, Prosser Parties and Greenlight Entities dated April 26, 2006) against, inter alia, Jeffrey Prosser ("**Prosser**"), the Parent Companies, and each direct or indirect subsidiary of each of the Parent Companies, which Settlement shall be on terms and conditions acceptable to the Agent (in its discretion) and, in accordance with the Settlement obtain a release from all of the obligations under all existing loan agreements and related documentation with RTFC and Greenlight (the "***Existing Loan Agreements***"), (2) pay the costs and expenses relating to the current chapter 11 cases of the Parent Companies, (3) purchase all outstanding shares of Vitelco Preferred Stock and (4) satisfy certain pension funding obligations

(C) a commitment for a revolving line of credit extended to Vitelco and the Borrower in the

aggregate amount of $20 million, to be used for general corporate purposes (the "***Revolver***").

Availability..... The Vitelco Term Loan and the Borrower Term Loan (collectively, the "***Term Loans***") shall be made at a closing (the "***Closing***") held in the offices of the Agent's counsel in New York City, in a single drawing on the below-defined Closing Date. The Revolver shall be available from the Closing Date to the maturity date of the Credit Facility.

Amortization..... The Term Loans shall be repayable in equal quarterly installments of an amount to be agreed but not greater than 0.75% of the outstanding principal amount of the Term Loans per annum.

Maturity Date..... The Term Loans and the Revolver shall be paid in full on the five-year anniversary of the Closing Date.

III. **Certain Payment Provisions**

Fees and Interest Rates..... As set forth on Annexes A-I and A-II.

Optional Prepayments and Commitment Reductions.....The Borrowers may, upon prior written notice, prepay the Term Loans and terminate the Revolver commitment, in whole or in part, (1) at any time after the third anniversary of the Closing Date, subject to payment of the early termination fees described in Annex A-I hereto, and (2) prior thereto, subject to the payment of a Make Whole Premium. The "Make Whole Premium" will equal the difference between (a) the present value of the expected future cash flows from the scheduled principal and interest payments under the Term Loans that are being prepaid, discounted from the Maturity Date at a rate equal to the sum of (i) 50 basis points *plus* (ii) the yield on a U.S. Treasury obligation having a Maturity Date corresponding with the maturity date of the Term Loan being prepaid, and (b) the principal installments of the Term Loans that are being prepaid; provided, that the Make-Whole Premium shall in no event be less than zero.

Mandatory Prepayments..... Customary mandatory prepayments will be included in the Credit Documentation (including in an amount equal to (i) 100% of the net cash proceeds from the incurrence of debt, (ii) 100% of the net cash proceeds from the issuance of equity securities, (iii) 75% of the Borrower's annual excess cash flow (as defined in the Credit Documentation, subject to customary carve-outs to be agreed upon) payable 30 days after delivery of each annual audited report beginning with the fiscal year 2008 and (iv) 100% of the net cash proceeds from the sale of assets, casualty events, receipt of tax refunds, and other extraordinary receipts, including without limitation all proceeds of the Belize litigation (subject, in the case of certain casualty events, to reinvestment rights to be available for 365 days after receipt of proceeds as a result of such casualty event), subject to exceptions to be negotiated. Application of such mandatory prepayments shall be as set forth in the Credit Documentation.

IV. **Collateral**

The obligations of each Credit Party in respect of the Credit Facility shall be secured by a perfected first priority security interest in substantially all of its tangible and intangible assets (including intellectual property, real property, licenses, permits and capital stock), except for those assets as to which the Agent shall determine in its discretion that the costs of obtaining such a security interest are excessive in relation to the value of the security to be afforded thereby. Without limiting the foregoing, the collateral security shall include all equity interests in each Credit Party.

V. **Certain Conditions**

Initial Conditions ..... The availability of the Credit Facility is subject to the satisfaction or the written waiver of conditions that are customary for the Agent's loans of this type, including the following (the date of such satisfaction of all such conditions, the "***Closing Date***") (all of which documents and conditions contemplated in clauses (a) through (v) below shall be satisfactory in form and substance to the Agent and the Lead Lenders in their discretion):

(a) receipt of unredacted versions of all examiner and trustee reports, and receipt of all

filings made under seal in the bankruptcy proceedings, in each case to the extent prepared or filed after the date of the Commitment Letter,

(b) Concurrently with the Closing, the Parent Companies shall have been merged into ICC pursuant to a final, non-appealable order which shall have been entered in the Parent Companies' chapter 11 bankruptcy cases approving the merger of the Parent Companies, effective as of the Closing, into ICC which shall have established a special purpose, bankruptcy remote, wholly-owned US Virgin Islands corporation ("***Prosser Holdco***") that shall hold 100% of the equity of the Borrower,

(c) concurrently with the Closing, all outstanding shares of Vitelco Preferred Stock shall have been purchased by the Borrower, the Borrower shall be the record owner thereof,

(d) concurrently with the Closing, the obligations under the Existing Loan Agreements shall be paid in full and all collateral security therefor shall be released or assigned to Agent and Lenders, the Settlement shall be fully consummated (except only for the payment of settlement funds) by all of the parties thereto and all obligations referenced therein of the Parent Companies and any of their subsidiaries shall be fully released and discharged, and the Settlement shall have been approved by a final and non-appealable order of the Bankruptcy Court presiding over the Parent Companies' current chapter 11 cases (the ***"Bankruptcy Court"***),

(e) concurrently with the Closing, the RUS Debt shall be paid in full and all collateral security therefor shall be released and Vitelco shall have no other outstanding indebtedness or commitments to provide indebtedness other than under the Credit Facility,

(f) concurrently with the Closing, the Mid-City Bank indebtedness shall be paid in full and all collateral security therefor shall be released,

(g) The Virgin Islands Public Services Commission (***"PSC"***) shall have issued an order or otherwise taken action to the satisfaction of the Agent (i) reaffirming that Paragraph 7.a.4 of the

Settlement Agreement dated April 19, 1989 between PSC, ATN, RTFC, Vitelco and VITELCOM, amended October 3, 1989 (and as further amended by PSC orders dated April 3, 1990 and November 4, 1991) remains in effect and shall be applicable to the common stock and assets of Vitelco that may be subject to a lien securing the Credit Facility, and (ii) pursuant to such reaffirmation, approving the Credit Facility and confirming that the Agent may enforce its security interest in such stock and assets upon the occurrence of an Event of Default and that PSC approval of the sale of the stock will not unreasonably be withheld if the proposed sale of stock will not adversely affect Vitelco's operations or rates; and such order may contain such other terms as may be agreed among the PSC, Vitelco and the Agent in furtherance of the rights of the Agent and the Lenders as a secured creditor,

(h) (x) corporate EBITDA shall not be more than -$1.875 per quarter (such corporate EBITDA not to include professional fees and expenses associated with the current bankruptcy cases as well as the fees and expenses of the trustee and examiner in such cases, and not to include the fees and expenses related to the Credit Facility); and (y) pre-corporate EBITDA shall not be less than: (i) for the 3-month period ended June 30, 2007, $18.9 million and (ii) for the 6-month period ended September 30, 2007, $38.9 million,

(i) the ratio of consolidated indebtedness of the Borrower as of the Closing Date, giving effect to the transactions contemplated to occur at the Closing, to Borrower's pre-corporate EBITDA shall not be greater than: (i) for the 3-month period ended June 30, 2007, 8.0 (calculated using Borrower's pre-corporate EBITDA for such period multiplied by 4) or (ii) for the 6-month period ended September 30, 2007, 7.7 (calculated using Borrower's pre-corporate EBITDA for such period multiplied by 2),

(j) minimum liquidity at Closing Date of not less than $12.5 million,

(k) there shall not have occurred any event, development or circumstance since the date of the Borrower's last audited financial statement

(which shall be the audited financial statements of the Company for the year ended December 31, 2006 and which shall be delivered to the Agent and the Lenders not less than 15 business days prior to the Closing Date), that has had, or could reasonably be expected to have, a material adverse effect on or change in the financial condition, business, results of operation, assets or liabilities of the Borrower and its subsidiaries taken as a whole,

(l) there shall not have occurred a force majeur event (to be defined as a significant global disruption in the financial markets caused by outbreak of war, terrorism, or other incidents, but not adverse changes in the financial, banking or capital markets generally) and there shall not have been any announcement, offering, placement or syndication of any debt securities by or on behalf of any of the Credit Parties without the Agent's prior written consent,

(m) Either (i) the Bankruptcy Court shall have entered a final and non-appealable order confirming the Parent Companies' plan of reorganization and the Agent shall have received evidence that, upon emergence from bankruptcy, the Credit Parties shall have no tax or unfunded ERISA liabilities and no payments due that relate to or arise out of the bankruptcy, or (ii) the Parent Companies shall have (x) settled, in a manner satisfactory to the Agent, each proof of claim filed in their bankruptcy cases; (y) obtained a final non-appealable order from the Bankruptcy Court finding that the Amended and Superseding Order Establishing Bar Dates for Filing Proofs of Claim and Approving Form and Manner of Notice thereof, entered October 30, 2006 would be in full force and effect following a dismissal of the Parent Companies' chapter 11 bankruptcy cases and parties who had not filed proofs of claim prior to the bar date established thereunder would be barred from asserting pre-petition claims against the Parent Companies; and (z) obtained a final non-appealable order of the Bankruptcy Court dismissing the Parent Companies' chapter 11 bankruptcy cases, provided however that such dismissal shall not be effective until the occurrence of the Closing. In either (i) or (ii), the Bankruptcy Court shall make findings concerning the following (and such other

findings as the Agent may reasonably request): (a) approval of the Credit Facility and all other transactions contemplated herein (including, without limitation, a finding that any Credit Party may use the proceeds of the Credit Facility to fund the Settlement); and (b) finding that none of the transactions contemplated herein (including, without limitation, the Settlement and its funding by one or more Credit Party) are subject to avoidance under any applicable law,

(n) receipt by the Agent of a limited personal guarantee from each individual owner of any equity of Prosser Holdco, such guarantee to be contingent upon (x) the voluntary bankruptcy of the Borrower, ICC, Vitelco or Prosser Holdco following any payment default or (y) other intentional breaches by such owner of the Credit Documentation and, in either case limited in recourse exclusively to the stock owned by each such owner; it being understood that prior to the occurrence of an Event of Default or a potential Event of Default in connection with any payment, there shall be no voting restrictions or limitations placed on the stock owned by each such owner,

(o) Borrower shall have executed and delivered definitive documentation with respect to the Credit Facility and shall have caused each other Credit Party to have delivered such documentation applicable to it, including unconditional guarantees of full payment from each of the Guarantors and all mortgages, pledges and other collateral security documentation contemplated hereby (including by Vitelco) (the "***Credit Documentation***") and opinions of counsel for each Credit Party in each jurisdiction in which it operates to the extent required by the Agent and the Lenders,

(p) concurrently with the repurchase of the preferred shares of Vitelco, the receipt of a general release from such holders in favor of Vitelco,

(q) the Borrower shall furnish evidence (which may be in the form of a certificate of an authorized officer of the Borrower) that the proposed acquisition by Vitelco or its affiliates from BTL of wireless telecommunications equipment, switches and fiber optic cable shall,

from the viewpoint of Vitelco, be for fair consideration and on arm's length terms,

(q) receipt by the Agent of the audited financial statements of the Company for the year-ended December 31, 2006 and which shall be delivered to the Agent and the Lenders as soon as they become available, but in no event any later than 15 business days prior to the Closing Date,

(s) concurrently with the closing, the Agent shall have received evidence (whether in the form of a definitive Settlement documentation, a confirmed Plan of Reorganization or applicable court orders that: (i) the Settlement shall effectuate a full, final and general release and discharge of any and all claims of the RTFC, the CFC and the Greenlight Entities against Prosser, the Parent Companies and each of the direct and indirect subsidiaries of each of the Parents Companies, (ii) the Settlement, immediately upon payment of the Settlement funds, shall be valid, binding and enforceable without necessity of any additional action, (iii) any Credit Party is authorized to fund the Settlement payments from proceeds it receives from the Credit Facility, and (iv) neither the Settlement nor any of the transactions contemplated herein nor by the Transaction shall be subject to avoidance under any applicable law,

(t) the Agent shall have received all pleadings filed by Prosser, the Parent Companies or any other Credit Party that are in any way connected with the commitment letter, the Credit Facility, the Transaction, the Settlement or any chapter 11 plan and any orders entered on account of such pleadings,

(u) unless the chapter 11 case of Prosser has been previously dismissed, any guarantee, obligation, use of assets, or transfer of assets or property from Prosser (including the first priority perfected pledge of stock contemplated by clause (n) above) contemplated by or in connection with the transactions contemplated herein shall have been approved by a final non-appealable order of the Bankruptcy Court in Prosser's personal chapter 11 bankruptcy case, and

(v) concurrently with the Closing, Vitelco shall have acquired all of the assets or stock of ICC Wireless and ICC Cable, unless such acquisition would result in a material adverse effect in which case such acquisition shall not constitute a condition to the availability of the Credit Facility.

On-Going Conditions..... The making of each extension of credit under the Revolver shall be subject to the satisfaction or written waiver by the Agent of conditions that are customary for loans of this type, including: (i) the accuracy of all representations and warranties in the Credit Documentation (including the material adverse change and litigation representations) in all material respects (to the extent not otherwise qualified by materiality) other than those which specifically relate to an earlier date and (ii) there being no default or event of default in existence at the time of, or after giving effect to the making of, such extension of credit.

VI. **Board Representation**

The Board of Directors of each of the Borrower, the Parent Companies and Vitelco shall have nine members and consist of not less than five members that are independent and not affiliated with any Credit Party (or any individual owner thereof) as agreed by the holders of the Warrants and Prosser, all of which shall meet the reasonable approval of the Agent, two members designated by the holders of the Warrants (as defined in Annex A-II hereto) collectively, and two members designated by Prosser. In addition, the Lenders shall collectively be entitled to a non-voting observer at all Board meetings (including all committees of the Board), which observer shall obtain all notices and other information sent generally to Board members, subject to reasonable restrictions to protect privileges.

The Credit Facility shall include a covenant by the Credit Parties that the Borrower's Board of Directors shall be required to approve any material corporate transaction to the extent proposed to be undertaken by a subsidiary whose Board of Directors has not been reconstituted in the manner set forth in the foregoing paragraph. Prior to the Closing Date, each Credit Party whose board has not been reconstituted shall have

made amendments to its by-laws and charters, as applicable, to provide that the Borrower's Board of Directors shall be required to approve any material corporate transaction.

VII. **Certain Documentation Matters** The Credit Documentation shall contain representations, warranties, affirmative and negative covenants, tax gross-ups and yield protections and events of default relating to the Credit Parties and their subsidiaries customary for a transaction of this type and consistent with this Summary and other terms reasonably deemed appropriate by the Agent and Lenders (subject to exceptions to be agreed upon), including:

Financial Ratios..... The Borrower and certain of its subsidiaries would be required to perform with respect to financial covenants for each case, tested no more frequently than quarterly, consisting of (i) a minimum EBITDA tested on a trailing twelve month basis, (ii) a minimum fixed charge coverage ratio, (iii) a maximum senior leverage ratio tested on a trailing twelve month basis and (iv) maximum capital expenditures subject to customary carry-forwards**,** such covenants to be established at a discount to be agreed to the relevant amounts set forth in the Borrower's business plan within the confidential information memorandum prepared by Rothschild and delivered to the Agent on April 5, 2007.

Operational & Other Covenants..... The Credit Parties and Vitelco (to the extent not in conflict with applicable law or regulatory requirement), would be subject to customary limitations on investments, indebtedness, dividends and other distributions, dispositions of assets, liens, mergers and corporate changes, etc. and other limitations deemed appropriate by the Agent and the Lenders. Without limiting the foregoing, Vitelco (and other Credit Parties as requested by the Agent) would be required to develop in conjunction with the Lead Lenders an interest rate hedging program and Vitelco (and other Credit Parties as requested by the Agent) would be required to maintain hurricane and business interruption insurance, in each case, to the extent reasonably available to Vitelco and acceptable to the Agent. In addition, the Borrower shall covenant to obtain by the Closing Date the execution, by parties identified by the Agent (within 20 days after the date of the

Commitment Letter), of employment agreements, consulting agreements, agreements with respect to affiliated party transactions and/or other such similar agreements (in each case other than Prosser, on terms and conditions no worse than as in effect on the date hereof), in form and substance reasonably satisfactory to the Agent.

Assignments and Participations..... Each Lender shall be permitted to assign its rights and obligations under the Credit Facility, or any part thereof, to any person or entity without the consent of the Credit Parties. Each Lender shall be permitted to grant participations in such rights and obligations, or any part thereof, to any person or entity without the consent of the Credit Parties. Pledges of the Credit Facility in accordance with applicable law shall be permitted without restriction. Promissory notes shall be issued under the Credit Facility only upon request.

Expenses and Indemnification ..... The Borrower shall pay (i) all reasonable expenses of the Agent and the Lenders associated with the syndication of the Credit Facility and the preparation, negotiation, execution and delivery of the Credit Documentation and any amendment or waiver with respect thereto (including the reasonable fees, disbursements and other charges of counsel and the allocated cost of internal counsel), (ii) all reasonable out-of-pocket expenses of having the Loans rated by one or more rating agencies, to the extent such loans become rated and (iii) all expenses of the Agent and the Lenders (including the fees, disbursements and other charges of counsel and the allocated cost of internal counsel) in connection with the enforcement of the commitment letter to which this Summary is attached or of the Credit Documentation.

The Agent and the Lenders (and their affiliates and their respective officers, directors, employees, advisors and agents) will be indemnified and held harmless against, any loss, liability, cost or expense incurred in respect of the financing contemplated hereby or the use or the proposed use of proceeds thereof (except to the extent resulting from the gross negligence, bad faith or willful misconduct of the indemnified party).

Counsel to the Agent.....	Milbank, Tweed, Hadley & McCloy LLP
Governing Law and Forum.....	State of New York (or to the extent required in the opinion of the Agent's counsel, local law where collateral security may be situated).