

Orbit Canada Inc.

Delivered via facsimile
514-873-7739

November 5, 1999

René-Jean Mercier
Directeur général,
Production et technologies
Société de Télédiffusion du Québec (Télé-Québec)
1000 rue, Fullum
Montréal (Québec)
H2K 3L7

re: Orbit Canada Inc.

Dear M. Mercier,

Thank you very much for your request for clarification regarding our Learning Plan for Eastern Ontario & Outaouais. Specifically, we understand that you required more information on the structure and operation of our proposed **Independent Steering Committees** as well as our pricing strategies for the Learning Communities in your Region. In fact, these issues, as well as that of our coverage, have arisen in our discussions with your counterparts in Ontario, Alberta, British Columbia and Saskatchewan.

In terms of our submission for your consideration, our Learning Plans include the following highlights:

- A Royalty Fund of 5% of gross revenue;
- An Affinity Program to reward users for creative use of wireless spectrum;
- Ubiquitous access across licensed Regions;
- Priority class of service for learning communities;
- Bandwidth reservation system for learning communities;
- Site Hosting for the Learning Community;
- Digital/audio Interactive Multicast Streaming utilizing MPEG standards;
- Assistance in network design, implementation, operation (via training) and maintenance; and
- Independent **Regional Steering Committees** to assist in the implementation of Orbit's Learning Plans.

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Orbit Canada Inc.

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Regional Steering Committees

On the issue of the Independent Steering Committees, our plan is to establish a structure wherein Regional Steering Committees will set specific goals, operational guidelines and oversee the administration of programs for their **own** Regions.

In addition, each Regional Steering Committee will also be responsible for monitoring and reporting on Orbit's performance in providing the services as set out in our Learning Plan. These reports will be submitted to Orbit for corporate purposes as well as for consolidation in order to report to Industry Canada on a periodic basis (as per the policy guidelines). Prior to submission to Industry Canada, the consolidated report will be reviewed by the Regional Steering Committees to ensure that their concerns and suggestions are reflected therein. To be clear, each Regional Steering Committee will have responsibility for:

- Autonomously allocating and administering the 5% revenue royalty generated in its Region towards projects and activities that reflect Regional issues, demographics and requirements.
- Developing and implementing Regional Affinity Programs that reward users of Orbit's broadband services in much the same way that Air Miles™ rewards frequent shoppers.
- Reporting on Orbit's performance vis-à-vis the Learning Plan and the terms and conditions of the license in its Region.

The composition of the Regional Steering Committee will include representatives of the Learning Communities, private sector, and relevant governmental bodies. The Learning Authorities will have an integral role in selecting appropriate individuals for membership of the Regional Steering Committees.

Coverage

Orbit plans to cover at least 85% of the population of each Region in which it is licensed within three years of obtaining the license. Specific rollout plans for each Region have been developed however, the Learning Authorities may suggest alternative rollout schedules, which Orbit is prepared to consider.

With our economical and robust technology, Orbit will concentrate on rolling out services in rural communities where digital services are not currently available from other sources. This makes financial sense for Orbit as the competition is not as intense in these areas and as a result we expect adoption rates to be high.

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Pricing Strategy

To clarify our pricing strategy, Orbit is committed to providing the lowest possible rates for its products and services to the Learning Communities. Indeed, many charges are reduced. The chart below shows the prices used to generate our projections in our submission to Industry Canada. It shows prices for our services to Learning Community subscribers as well as commercial subscribers for purposes of comparison.

Services	Monthly Service Charges	
	Institutions	Commercial ¹ .
Two Way High Speed Wireless Internet Access	\$275.00	\$1,495.00
High Speed Wireless Internet Access with PSTN upstream	\$150.00	\$795.00
T1 Access (Leased Line)	\$1,295.00	\$1,495.00
ISDN Access (Leased Line)	\$85.00	\$195.00
V.90 Dial-Up Service	\$10.00	\$19.00
E-mail Addresses	50	5
E-mail Address Charges (on extra addresses)	\$1.00	\$1.00
Web Site Hosting (10 MB)	-	\$100.00
Hosted Video Content and Video Streaming	-	\$500.00
Video Conferencing Equipment Rental	\$75.00	\$695.00
Typical Network Design ²	\$1,500.00	\$2,500.00 to \$5,000.00
Minimum Implementation Charges (one time)	\$1,250.00	\$1,495.00

1. Commercial charges are wholesale prices. The retail prices are expected to be higher at the discretion of the distributor.
2. Our partner, 3Com Canada Inc., is prepared to provide assistance in a number of areas including assistance in network design, implementation, operation (via training) and maintenance at the lowest possible discount on products and services for the Learning Communities. 3Com has a strong history of supporting the learning communities in Canada and internationally and is committed to ensuring that the Learning Plan is implemented and delivered on a timely basis.

Our Learning Plan has credibility because we have working, proven and robust technology developed by such companies as 3Com, Hybrid, Sun Microsystems, Decathlon, Powertel Broadband Services, and others. This hardware has been integrated, under Orbit's direction, by AT&T Canada Inc. and Telias Inc. (a private company formed by a founder of Uunet Canada).

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By way of background, Orbit has designed and implemented wireless networks using the MCS band in the United States and Canada. Indeed, we are presently providing services in the Greater Toronto Area using the advanced technologies described in our Application. The bottom line is that Orbit is prepared to roll-out services immediately – no delay is required to prove the technology – it works and works well. Should you require a demonstration, we would be pleased to arrange it. You may also wish to review the letters of recommendation that we included in our Learning Plan that substantiate our claims to be able to implement services rapidly.

In closing, we would welcome the opportunity of discussing our plans with you in greater depth and demonstrating our wireless technologies. To this end, we would be pleased to meet with you at your earliest convenience. To arrange a visit to a working broadcast facility and/or customers sites or to answer any questions you may have, please do not hesitate to contact the undersigned at 416-505-4382 (direct line).

Yours truly,



Ian Hochberg,
Executive Vice President

cc: Peter Hill, Industry Canada

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