

Upgrade Bandwidth & Package

Bandwith	Package	MRC US\$	Upgrade <u>Bandwidth</u> in "Same Package"	Upgrade <u>Package</u> in "Same Bandwidth"
2M		5400	YES	YES
1M	A	5000	YES	YES
64k		5000	YES	YES
2M		2700	YES	YES
1M	B+	2500	YES	YES
64k		2500	YES	YES
2M		2200	YES	YES
1M	B	2000	YES	YES
64k		2000	YES	YES
2M		2700	YES	YES
1M	C+	2500	YES	YES
64k		2500	YES	YES
2M		2200	YES	YES
1M	C	2000	YES	YES
64k		2000	YES	YES
2M		1200	YES	YES
1M	D	1000	YES	YES
64k		1000	YES	YES

e.g. State started 1M, Package C for US\$ 2000 plan for 5 year.

TCV is US\$ 2000*60month= US 120,000

After 24 months, state want to upgrade Bandwidth (2M) in the existing package

State can simply sign the Service order for 2M price for remaining (60-24) 36months.

→No cancellation charge, No compulsory new 5 years terms plan applied.
But long fixed term plan may have better price subject to state decision

If after another 12month,(the 36th months), state want to upgrade Package (A) 1M

State can also sign the service order for 1M price for the (60-36) 24 months.

→No cancellation charge, No compulsory new 5 years terms plan applied. But long fixed term may have better price subject to state decision.



Downgrade bandwidth

Bandwith	Package	MRC US\$	Downgrade Bandwidth in "same Package"	Downgrade Package in same Bandwidth
2M	A	5400	YES	YES ****
1M		5000	YES	YES ****
64k		5000	YES	YES ****
2M	B+	2700	YES	YES ***
1M		2500	YES	YES ***
64k		2500	YES	YES ***
2M	B	2200	YES	YES **
1M		2000	YES	YES **
64k		2000	YES	YES **
2M	C+	2700	YES	YES ***
1M		2500	YES	YES ***
64k		2500	YES	YES ***
2M	C	2200	YES	YES **
1M		2000	YES	YES **
64k		2000	YES	YES **
2M	D	1200		YES *
1M		1000	YES	YES *
64k		1000	YES	YES *

e.g. State started 2M, Package C for US\$ 2200 plan for 5 year.

TCV is US\$ 2200*60month= US 132,000

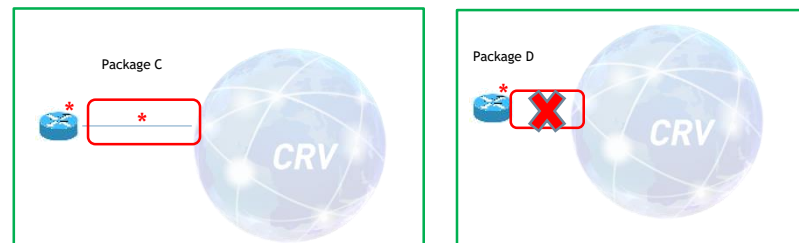
After 24 months, state want to downgrade Bandwidth (1M) in the existing package

State can simply sign the Service order for 1M price for remaining (60-24) 36months.
 → No cancellation charge, No compulsory new 5 years terms plan applied. But long fixed term may have better price subject to state decision.

If after 36th months, state want to “downgrade/change Package*” (D) (1M)

State can also sign the service order for Package D for the (60-36) 24 months.

→ **Special termination charge under senior management approval#**



→ Package C** - Package D* = Termination cost components*

e.g. 2000 - 1200 = US\$ 800 is the termination components

For good faith with risks sharing : #50%/50% for the State and CRV provider

i.e. US\$ 400 penalty for the pre-mature termination charge for remaining month.

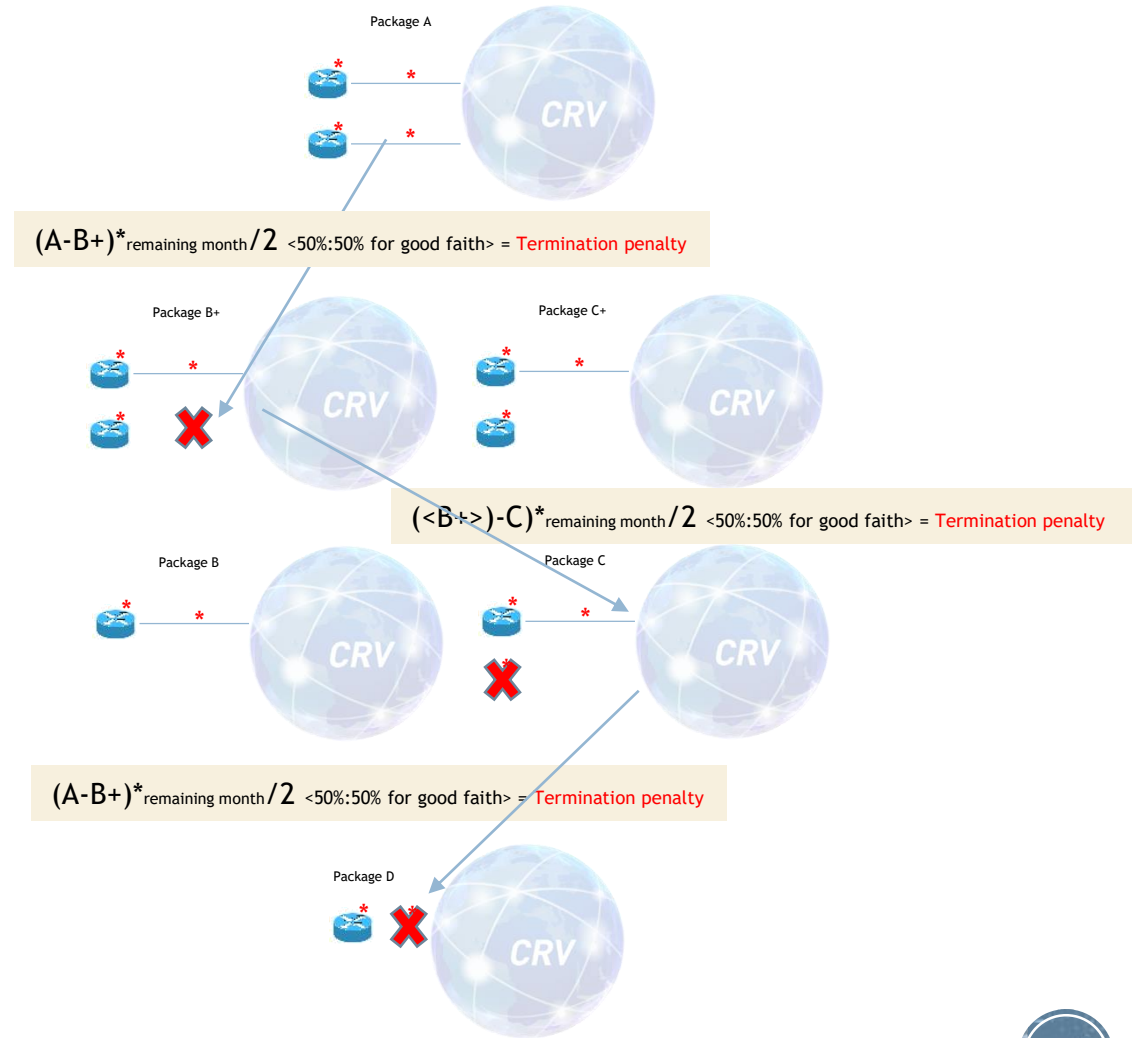
(US\$ 400* 24 months one off = 9600 one off)



Downgrade Package

Bandwidth	Package	MRC US\$	Downgrade Package	Termination Cost
2M	A	5400	YES ****	e.g. downgrade to B+, terminate 1 circuit
1M		5000	YES ****	e.g. downgrade to B, terminate 1 circuit & 1 Router
64k		5000	YES ****	e.g. downgrade to C+, terminate 1 circuit e.g. downgrade to C, terminate 1 circuit & 1 Router e.g. downgrade to D, terminate 2 circuit & 1 Router
2M	B+	2700	YES ***	e.g. downgrade to B, terminate 1 Router
1M		2500	YES ***	e.g. downgrade to C+, no termination
64k		2500	YES ***	e.g. downgrade to C, terminate 1 Router e.g. downgrade to D, terminate 1 circuit & 1 Router
2M	B	2200	YES **	e.g. downgrade to C+, Add 1 router
1M		2000	YES **	e.g. downgrade to C, no termination
64k		2000	YES **	e.g. downgrade to D, terminate 1 circuit
2M	C+	2700	YES ***	e.g. downgrade to C, terminate 1 Router
1M		2500	YES ***	e.g. downgrade to D, terminate 1 circuit & 1 Router
64k		2500	YES ***	
2M	C	2200	YES **	e.g. downgrade to D, terminate 1 circuit
1M		2000	YES **	
64k		2000	YES **	
2M	D	1200	YES *	
1M		1000	YES *	
64k		1000	YES *	

* reasonable pre-estimate of the anticipated losses suffered by PCCW Global.



Use new Zealand as example

State/Administration	ANSP/Civil Aviation Site	Package B							Package B+							Package C							Package C+							Package D						
		64 k	128 k	256 k	512 k	1024 k	2048 k	Once off Installation(64K to 2M)	64 k	128 k	256 k	512 k	1024 k	2048 k	Once off Installation(64K to 2M)	64 k	128 k	256 k	512 k	1024 k	2048 k	Once off Installation(64K to 2M)	64 k	128 k	256 k	512 k	1024 k	2048 k	Once off Installation(64K to 2M)	64 k	128 k	256 k	512 k	1024 k	2048 k	Once off Installation(64K to 2M)
New Zealand	Airways New Zealand	5,421	5,421	5,421	5,421	5,421	5,623	9,802	6,111	6,111	6,111	6,111	6,111	6,313	9,802	5,421	5,421	5,421	5,421	5,421	5,623	9,802	6,111	6,111	6,111	6,111	6,111	6,313	9,802	1,819	1,819	1,819	1,819	1,819	1,859	500
New Zealand	Airways New Zealand	3,181	3,181	3,181	3,181	3,181	3,383	11,059	3,871	3,871	3,871	3,871	3,871	4,073	11,059	3,181	3,181	3,181	3,181	3,181	3,383	11,059	3,871	3,871	3,871	3,871	3,871	4,073	11,059	1,371	1,371	1,371	1,371	1,371	1,411	500

New Zealand = 2*Package C@ 1m (Auckland. Christchurch) TCV = (5421+3181=8602)*60 = **US\$ 516,120**

8602*24 = **206,448 committed (24 month**

After 24 months, downgrade to Package D 1M,); in standard T&C : pre-mature penalty = remaining US\$ 309,672

NOW: Yes, 60-24 = 36month term for Package D can be sign with *pre-estimate of anticipated losses suffered

*New Zealand = 2*Package D@ 1m (Auckland. Christchurch) TCV = (1819+1371=3190)*36 months = US\$ 114,840

*pre-estimate of anticipated losses suffered = (8602-3190)*36/2 <50%/50%> = **97,416 one off**

Package C 24months
Package D 36months
Termination cost

Total TCV for state = 206448+114840+97416 = **418,704**

Cost saved for states in case downgrade

Sample calculation from CRV OG
Downgrade in different package- New Zealand case
In 2022, based on the Pricing Plan 2yrs remaining:
2x Package Cs @1M (Auckland and Christchurch) TCV = USD516,120 (60months x USD8602/month)=
Downgrade from "Package C (1M)" to "Package D (1M)" in the third year (remaining months = 24)
The early termination charge = the total remaining months (24 months) charges of the existing "Package C (1M)" contract
= \$412896 (cancellation charges) US\$ 206,448
\$619344 having already been paid. US\$ 309,672
If the cancellation and penalty clauses do not apply and the downgrade is within the 5year contract, then there would be 24 months at a reduced rate of \$11792/month for \$282,288. Change the TCV from \$1032240 - \$901632= -\$130608 for the remaining 24months. -12.65% of the original TCV.

