

**FILE COPY****ADDENDUM 1 TO STRATEGIC PARTNERSHIP AGREEMENT****THIS ADDENDUM** is entered into as of July \_\_\_\_, 2010.**BETWEEN:****THE GOVERNMENT OF PRINCE  
EDWARD ISLAND**

(the "Province")

**AND:****BELL ALIANT REGIONAL  
COMMUNICATIONS L.P., an entity with  
operations in the Province of Prince Edward  
Island**

("Bell Aliant")

**WHEREAS** the Parties entered into a Strategic Partnership Agreement, effective December 1, 2008 (the "Agreement");**AND WHEREAS** Bell Aliant wishes to install a fibre optic network to be able to provide it's FibreOP service to a total of approximately twenty four thousand homes in Charlottetown and Summerside, as described in Schedule A to this Addendum;**AND WHEREAS** the Province wishes Bell Aliant to install a fibre optic network as described in Schedule A to this Addendum;**AND WHEREAS** the Province wishes, as partial consideration for the installation of the fibre optic network, to extend its contract with Bell Aliant for the provisioning of all local access services required by the Province for a longer duration than set out in the Agreement, as per the terms of Schedule B of the Agreement, as amended;**AND WHEREAS** the Province agrees, as partial consideration for the installation of the fibre optic network, to provide Bell Aliant with three hundred thousand dollars (\$300,000.00) to assist Bell Aliant with the costs to retrain its employees to deploy and service the new fibre optic network;**NOW THIS AGREEMENT WITNESSES THAT** in consideration of the mutual covenants contained in this Agreement, along with other good and valuable consideration, the parties agree as follows:**1.0 Labour Training Funding**

1.1 The Province agrees, in addition to other obligations in this Addendum, in exchange for Bell Aliant's installation of a fibre optic network in the cities of Charlottetown and Summerside, to provide Bell Aliant an amount of three hundred thousand (\$300,000.00) to assist Bell Aliant with the retraining of its work force as required with the introduction of the new fibre optic network. The financial assistance, in the amount of three hundred thousand (\$300,000.00), provided to Bell Aliant will be provided under the Canada-Prince Edward Island Labour Market Agreement.

- 2.0 Section 2.1 of the Agreement should be removed and replaced with the following:

**"2.1 Effective Date**

This executed Agreement shall become effective as of the Effective Date, and unless otherwise terminated in accordance with the terms of this Agreement, and subject to Clause 2.2, shall remain in effect until December 31<sup>st</sup>, 2016 (the "Term"). Each Schedule may have a term that is different than the Term, if explicitly referenced. If no reference to a separate term exists, the Schedule shall be deemed to be co-terminous with the Agreement. This Agreement, and each applicable Schedule, may be renewed, upon the parties reaching agreement no less than 30 days before the expiry of the Term, for a period equal to the length of the Term (the "Renewal Term")."

**3.0 THE FIBREOP PROJECT**

- 3.1 Schedule A of the Agreement is amended, and the following is added to it:

**"3. THE FIBREOP PROJECT**

**a. FibreOP Project Description**

Bell Aliant shall install a fibre optic network in the cities of Summerside and Charlottetown, Prince Edward Island, which will be available to a total of twenty four thousand (24,000) homes and businesses by the end of the installation. The installation shall take place over the 2010 and 2011 calendar years, with the completion scheduled before December 31, 2011. The obligation for the costs of the Project shall be Bell Aliant's in its entirety.

**b. FibreOP Project Build**

- (i) Bell Aliant estimates the costs to complete the fibre optic network to be approximately eighteen million, nine hundred thousand dollars (\$18,900,000). This figure is provided as an estimate only, and there is no commitment on Bell Aliant to spend this amount, if cost reductions are able to be realized in the installation of the fibre optic network.
- (ii) Bell Aliant agrees to spend one million dollars (\$1,000,000.00) on equipment and services acquired from companies based in Prince Edward Island in relation to the installation of the fibre optic network.

**c. Ownership of Infrastructure**

- (i) Bell Aliant shall own and have custody of goods purchased for the fibre optic network and shall own each and every portion of the infrastructure, the fibre optic network and all other aspects of the installation of the network.
- (ii) As an incidence of ownership, upon the completion of the fibre optic network, Bell Aliant shall have the sole and exclusive authority to determine the manner in and the extent to which services that are provided by Bell Aliant directly, are

provided and shall assume the responsibility and associated costs for the ongoing operation and maintenance of the fibre optic network.

- (iii) The Province shall not have any authority over the manner in which services are provided over the fibre optic network. The Province acknowledges and agrees that Bell Aliant shall own each and every portion of the infrastructure, the fibre optic network and all other aspects of the installation of the network.
- (iv) The Province acknowledges that, consistent with Section (c)(i) above, there shall be no restrictions or conditions placed on Bell Aliant's ability to sell or transfer the infrastructure in the fibre optic Network, or the services, arising from this Agreement.
- (v) The Province shall not be entitled to share in any revenues generated by the fibre optic network, the provision of services, the infrastructure and any asset owned by Bell Aliant, whether developed as part of the Project or otherwise.

#### **4. TERM**

For the purpose of the installation of the fibre optic network only, this schedule shall be effective as of the date of the Addendum, and shall remain in effect until the fibre optic network as described in Section 3 above is completed.”

- 4.0** Section 2 of Schedule B of the Agreement is hereby removed and replaced with the following:

#### **“2. TERM & TERMINATION**

The term of this Schedule shall be from the Effective Date until December 31, 2016 (the “Term”).

Should the Province terminate this Schedule or the Agreement, or not purchase the Services from Bell Aliant, at a minimum commitment equal to the number of lines in use by the Province as of the Effective Date, for the full duration of the Term, the Province shall be responsible to pay to Bell Aliant, as liquidated damages and not as a penalty, an amount equal to the difference between the amount Bell Aliant would have received had the Province procured the Services at the minimum commitment referenced above, for the full Term, and the amount Bell Aliant ultimately receives. The Province agrees that this clause is reasonable, given the consideration provided by Bell Aliant for, and reliance of Bell Aliant on, this commitment from the Province.”

- 5.0** Section 4 of Schedule B of the Agreement is hereby removed and replaced with the following:

#### **“4. PRICING PRINCIPLES**

The pricing of the legacy local access services, identified as Bell Aliant's Business Centrex Service, includes the delivery of Bell Aliant's Business Centrex Service to the Province for an eight (8) year term beginning as of the Effective Date.

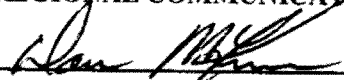
The assumption is that all Centrex lines and functionality will remain in place as they are today serving the Province, with a potential migration to a Voice over IP solution, as the Province desires. In the event of such migration, Bell Aliant shall provide a revised pricing table to the Province for the Voice over IP solution.

Savings will be provided to the Province in the form of a percentage discount off the Province's annual local services spend calculated using the rates being charged to the Province in 2008 as a baseline. The Province's annual spend will be reduced by 5% for years one and two, 16% in year three, 26% in year four and 37% in year five. The services will remain at the year five rates for years six, seven and eight. These discounts will be achieved through a combination of reductions to the Centrex Business Service line rate, line features and long distance. Costs for service charges and labour resulting from moves, adds and changes will not be discounted."

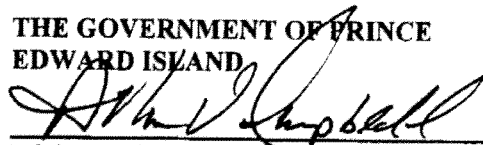
6.0 All terms of the Agreement shall continue to apply and remain unchanged, except as expressly addressed in this Addendum

**IN WITNESS WHEREOF** the parties have executed this Agreement as evidenced by their duly authorized officers in that behalf as of the day of July, 2010.

**BELL ALIANT REGIONAL  
COMMUNICATIONS L.P., by its  
general partner, BELL ALIANT  
REGIONAL COMMUNICATIONS INC.**

  
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SVP Customer Solutions

**THE GOVERNMENT OF PRINCE  
EDWARD ISLAND**

  
\_\_\_\_\_  
Minister Allan V. Campbell  
Department of Innovation and Advanced  
Learning