



Our Ref: GM/LB

1st August 2014

Dear Senator Ferguson,

Thank you for your letter dated 29th July 2014 related to Corporate Service Scrutiny Panel Review of the Draft 2015 Budget Statement.

The item to which your letter refers is contained in figure 11.1 on page 56 of the Draft Budget Statement 2015 and the proposed measure is termed as being a "Possible Jersey Telecom Payment of deferred Gigabit Dividend" (emphasis added). In regard to the three questions you pose, I would answer as follows:

1. Discussions in relation to all dividend payments, valuation and operating performance of JT take place on a continuous basis both formally under the terms of our Memorandum of Understanding and less formally as part of general updates on an ongoing basis.
2. JT has an agreed dividend formula in place based on a percentage of cash flow available after debt having been serviced. This was agreed as part of our major capital restructuring that took place in 2012.
3. As you are aware, JT is an incorporated entity whose directors operate under the statutory duties set out in the Companies (Jersey) Law 1991, the most relevant being to act with a view to the best interests of the company. Assuming the 2015 Budget is approved in its current state, JT would have to perform strongly during the course of 2014 and 2015 and the Board would have to assess at the appropriate time whether it is in the position to make the budgeted payments (as it is legally obliged to do for all dividend payments).

I have taken the opportunity to respond quickly as you know I am travelling extensively next week and taking two weeks annual leave thereafter. I am back in the office on 26th August and will be pleased to deal with any further questions you have at that point.

Yours sincerely

GRAEME MILLAR
CHIEF EXECUTIVE OFFICER

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