

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT ("Agreement") is entered into between 360networks (USA) Inc., a Nevada corporation located at 2101 4th Ave., Seattle, Washington ("360networks") and the City of Portland, Oregon, ("the City"), a duly incorporated Oregon municipality (together "the parties"):

WHEREAS, the parties have been in dispute concerning 360Network's obligation to pay franchise fees to the City for the company's use of City streets for its telecommunications facilities pursuant to City Franchise Ordinance No. 172864; and

WHEREAS, 360networks has not paid franchise fees to the City since 2001; and

WHEREAS, the Portland City Council has authorized its City Attorney to file suit against 360networks to recover past due franchise fees and interest; and

WHEREAS, the Parties now wish to settle the dispute between them;

NOW THEREFORE, in consideration of the mutual promises and other valuable consideration exchanged herein, the parties agree as follows:

1. Within five (5) business days of full execution of this Agreement by the City (which execution is authorized only by ordinance approved by the City Council), 360networks shall pay to the City \$1,141,204.00.

2. The City hereby releases 360networks from any and all claims for franchise fees, interest, or penalties due or claimed to be due up to and including December 31, 2007. Except as expressly provided in this Agreement, the City otherwise waives any claim to past due franchise fees, interest, or penalties through December 31, 2007 (which fees include the franchise fees for 2007 due and payable on or before January 11, 2008).

3. 360networks hereby waives any claims it has or may have, known or unknown, regarding the validity or enforceability of Franchise Ordinance 172864. The City hereby waives and releases 360networks from any and all claims against 360networks it has or may have, known or unknown, that arose on or before December 31, 2007. The foregoing shall not affect 360network's obligations to comply with all of the obligations under Franchise Ordinance 172864 after December 31, 2007.

4. The releases described herein shall be effective upon the City's receipt of the payment from 360networks provided for in Paragraph 2 above.

5. The undersigned further represent that they have carefully read the foregoing Agreement, know its contents, have the authority to execute the Agreement and sign the same as their own free act.

6. Miscellaneous

a. The terms set forth herein are contractual and not merely a recital. There is no other agreement, promise or inducement for this Agreement other than as expressed in this Agreement. This Agreement contains the full and entire understanding of the parties. There are no other representations, warranties, statements or agreements between the parties except as expressly set forth in this Agreement.

b. This Agreement shall be freely assignable and transferable.

c. Neither party shall be relieved of its respective obligations to comply with any of the terms and conditions of this Agreement by reason of any failure of the other party to require prompt compliance, nor does either party waive or limit any of its rights under this Agreement by reason of such failure or neglect.

d. Any litigation arising under or regarding this Agreement shall occur, if in the state courts, in the Multnomah County Court having jurisdiction thereof, and if in the federal courts, in the United States District Court for the District of Oregon, Portland Division.

e. This Agreement shall be construed according to the law of the State of Oregon, even if Oregon's choice of law rules otherwise would require application of the law of a different jurisdiction.

f. This Agreement may not be amended, except in writing and signed by authorized representatives of both parties.

IN WITNESS WHEREOF, the parties have set their hands the date and year of the last signature affixed hereto.

City of Portland

360networks (USA) Inc,

By: _____

By: Rob Fran

Title: _____

Title: PRESIDENT

Date: _____

Date: 1/21/08

Approved as to Form:

Benjamin Walters, Deputy
City Attorney