

BERMUDA ADVANCE COMMITMENT LETTER



MINISTRY OF FINANCE
30 Parliament Street
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Bermuda
Telephone: (441) 295-5151

*In reply please
quote the date
of this letter and
the following reference:*

15th May 2000

Mr. Donald J. Johnston,
OECD Secretary-General,
2, rue Andre Pascal,
75775 Paris CEDEX 16
France

Dear Mr. Johnston,

Re: Level One Commitment Letter and Annex

I am writing in connection with the OECD's project on harmful tax competition. The Government of Bermuda shares the concerns of the OECD about the global effects of harmful tax competition and would like to associate itself with that work. To this end, I am pleased to inform you that the Government of Bermuda hereby commits to the principles of the OECD's Report, "*Harmful Tax Competition: An Emerging Global Issue*" (the "OECD Report"). In fulfillment of this commitment, the Government of Bermuda undertakes to implement such measures (including through any legislative changes) as are necessary to eliminate any harmful aspects of Bermuda's regimes that relate to financial and other services (as provided in more detail in the Annex to this letter). The Government of Bermuda commits in particular to a programme of effective exchange of information in tax matters, transparency, the elimination of any aspects of the regimes for financial and other services that attract business with no substantial domestic activities. Details of these steps and a specific timetable have been agreed with the Forum. We understand that the OECD is prepared to assist us in establishing, improving, or maintaining such practices and procedures as are necessary to implement these principles.

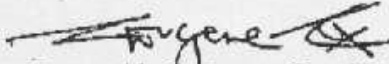
Bermuda Level One Commitment

The Government of Bermuda further commits to refrain from:

- (1) introducing any new regime that would constitute a harmful tax practice under the OECD Report;
- (2) for any existing regime related to financial and other services that currently does not constitute a harmful tax practice under the OECD Report, modifying the regime in such a way that, after the modifications, it would constitute a harmful tax practice under the OECD Report; and
- (3) strengthening or extending the scope of any existing measure that currently constitutes a harmful tax practice under the OECD Report.

The Government of Bermuda intends to release this letter of commitment to the public and would welcome the OECD's release of this letter after the Committee of Fiscal Affairs reports to the OECD Council on the progress of its work, which we understand is expected by mid-June 2000.

Yours faithfully,



Honourable C. Eugene Cox, JP, MP
Deputy Premier and Minister of Finance
for and on behalf of the
Government of Bermuda