

**Financial expenses applicable to frequency use in the 2.1 GHz band in the DOM,  
Saint-Pierre and Miquelon, Saint-Martin, Saint-Barthélemy and Mayotte  
as of 1<sup>st</sup> November 2007**

**1. Fees**

The operator pays usage, management and radio frequency control fees, under the conditions stipulated by the decree dated 24<sup>th</sup> October 2007.

Subject to future regulatory changes, beginning the date at which each carrier is made available, the operator pays fees under conditions defined by the Budget Minister and the Minister of Industry in a letter addressed to ARCEP on 8<sup>th</sup> November 2006.

These conditions are as follows:

<i>Collectivity</i>	<i>Price per year per MHz</i>	
<i>Guadeloupe (including St Martin and St Barthélemy)</i>	<i>€1 525.00</i>	<i>+1% of sales</i>
<i>St Martin</i>	<i>€125.00</i>	<i>+1% of sales</i>
<i>St Barthélemy</i>	<i>€65.00</i>	<i>+1% of sales</i>
<i>Guyana</i>	<i>€572.50</i>	<i>+1% of sales</i>
<i>Martinique</i>	<i>€1 525.00</i>	<i>+1% of sales</i>
<i>Réunion</i>	<i>€2 287.50</i>	<i>+1% of sales</i>
<i>Mayotte</i>	<i>€572.50</i>	<i>+1% of sales</i>
<i>St-Pierre and Miquelon</i>	<i>€33.35</i>	<i>+1% of sales</i>

The operator will pay an annual radio frequency usage fee composed of:

- a fixed part, proportionate to the quantity of frequency allocated for frequency use for the year in progress, payable before 31<sup>st</sup> January, or on the frequency availability date for new assignment
- a variable part paid annually before 30<sup>th</sup> June of the year in progress for the use of frequencies for the previous year. This variable part is equal to 1% of sales of 3G activities in the Overseas *département* or collectivity in question.

This fee is calculated *pro rata temporis* for the first and last year of the authorisation.

The sales considered in determining the amount of the fee will be those related to the operation of the 3G network.

The relevant sales include the following operating income (exclusive of taxes), provided they are generated through the use of the frequencies assigned to the operator for the operation of a 3G network:

1. the operator's income from the provision of telephone service and data transport to direct and indirect customers (or respectively income from retail and wholesale sales of these services). This income includes all income of the same nature generated by companies controlled by the operator or which are controlled by a company which controls the operator. A company is considered to control another if it meets the criteria of Article L233-3 of the Code of Commerce
2. income received by the operator for services provided to third parties related to the services mentioned in 1), in particular advertising or referencing services, or the receiving of commissions for electronic commerce
3. income for network activation and connection
4. income related to the sale of services (including the provision of content) as part of a voice or data transaction. Repayments to service providers are deducted from this income
5. interconnection income, except from calls from another 3G network having an authorisation in France
6. income from customers roaming on the operator's 3G network
7. any new service using 3G frequencies

Relevant sales do not include income from terminal sales.

The operator must have an information system and keep cost accounting allowing it to allocate 3G activity, income, costs and investments specific to this activity, as well as income and costs shared by the operator's 3G and other activities (GSM or other), according to a nomenclature established jointly by the Minister of Telecommunications and *Autorité de régulation des télécommunications et des postes* following consultation of 3G authorisation holders.

Each year before 30<sup>th</sup> May, the operator will submit an audited report of accounts for the 3G activity, containing information used to determine the amount of the fee, and forecast accounts for the following year, to the Minister of Electronic Communications, to the Budget Minister and to *Autorité de régulation des communications électroniques et des postes*. The operator is responsible for covering the cost of this audit. If the operator also holds a GSM authorisation, it will also submit a report on the respective use of the GSM and 3G frequencies, in particular for voice service, by customers having access to both of the operator's mobile networks.

## **2. Repaying the *Fonds de Réaménagement du Spectre (FRS)* in Martinique and Réunion**

In the Martinique and Réunion *départements*, part of the frequencies in the 2.1 GHz band was previously used by the Ministry of Defence. The cost of freeing these bands was advanced by ANFR's FRS and must be repaid by the operators in question, as follows:

The maximum amount estimated in the agreements between the ANFR and the Ministry of Defence for Martinique and Réunion:

- agreement no. 07 FRS 03 for Martinique, the maximum amount is €987 836
- agreement no. 07 FRS 04 for Réunion, the maximum amount is €1 123 862

The repayment method established by ANFR ruling no. 0710-07:

“In each overseas *département* and each year for five years beginning with the first 3G authorisation in this *département*, authorised operators on 31<sup>st</sup> December repay an amount equal to one-fifth of the entire cost of reorganising the spectrum for this *département*, as repayment for the previous year.

This annual repayment is due on 1<sup>st</sup> January of the following year. It is divided among all operators holding an authorisation at 31<sup>st</sup> December of the previous year. The quota of each operator is proportionate to the respective number of days of authorisation during the previous year and to the respective quantity of spectrum which has been allocated to it. If there is a single operator, it is responsible for covering the entire annual payment”.