

I. Executive Summary

Project Finance Advisors (“PFA”) has been retained to provide multi-disciplinary analysis and assistance for the Office National de l’Electricité’s (“ONE”) potential entry into the fiber optic telecommunications field (the “Phase II Study” or the “Study”). The Phase II Study represents a continuation of PFA’s recently completed Fiber Optic Telecommunications Technical Assistance (the “Phase I Study”) completed under funding from the United States Trade and Development Agency (“US TDA”).

PFA’s has been tasked to develop financial data for ONE’s potential entry into the telecommunications sector. To perform this task, PFA developed an economic model to bracket a number of financial scenarios from operating a Data Services¹ license using infrastructure constructed upon ONE’s telecommunications Rights of Way (the “Project”). Specific assumptions for each component of PFA’s economic review are detailed in Section II that discusses the topology of PFA’s business and economic viability analysis. In general, PFA’s Terms of Reference for this task mandated certain specific reviews which are outlined below:

- The overall economic viability of the Project (as measured from the prospective of ONE, its partner and aggregate cash inflows and outflows) under an optimized financial structure. The viability analysis is based on a number of assumptions relating to revenue, capital costs, operating costs, taxes and the fee that would be required for award of the telecoms license by the Agence Nationale de Règulation des Télécommunications (“ANRT”).
- Revenue and market capture estimates based on development of the market entry strategies outlined in PFA’s Market Assessment (Task 1 and Task 2)
- Estimates of the expected cost of implementation, factoring in capital costs (both for immediate construction of the network and thereafter for installation of wireless equipment for customer installations as well upgrades to capital equipment); operational costs for administration and maintenance of the network (including any retraining expenses for ONE personnel); taxes; and other cash requirements. These costs are referred to as “Project Costs” and their estimation is discussed in more detail in Section VI. As will be discussed, estimates of Project Costs along with the assumed capital structure carries very important implications for PFA’s economic viability analysis.
- A preliminary valuation and relative share contribution for many of the tangible and intangible assets that would be contributed by ONE or its partner towards implementation of the Project. These assets include the following:
 - ✓ Physical assets already in place for the network at the time the partner acquires the license to provide service.

¹ As described more fully in the Market Assessment of the Study, PFA has focused solely on market demand and potential revenue from data services that could be offered under a nation-wide telecoms license.

- ✓ In-kind assets contributed to the venture by ONE including an economic valuation of its Rights of Way (“ROW”).
- ✓ Services provided by ONE for maintenance of the network (e.g., personnel costs, vehicle fleets and other upgrade costs).
- ✓ Immediate cash requirements and longer-term cash requirements for a comprehensive build-out of a commercial Data Services network.

[This information has been deleted due to business confidentiality]