

Q. Complete the following table with regard to the Sagemcom 2864 VDSL modem:

Current supplier price in Canadian dollars	CDN/US exchange rate if applicable	Supplier discount %	Sales Tax %	Warehouse & Distribution Factor %	Cost including tax and Warehousing and Distribution
A		B	C	D	$E = A \cdot (1-B) \cdot (1+C) \cdot (1+D)$

- A. Certain information contained in this response is filed in confidence with the Commission pursuant to section 39 of the *Telecommunications Act* and the directions provided by the Commission in the Appendix to Broadcasting and Telecom Information Bulletin CRTC 2010-961, *Procedures for filing confidential information and requesting its disclosure in Commission proceedings*, dated 23 December 2010, as amended in Telecom Information Bulletin CRTC 2010-961-1, dated 26 October 2012. In particular, the information which the Company has provided in confidence is of a type which the Commission has indicated in those bulletins should be treated as confidential. Release of this information would provide potential competitors with invaluable competitively-sensitive information that would not otherwise be available to them, and which would enable them to develop more effective business strategies. Release of such information could prejudice the Companies' competitive position resulting in material financial loss and cause specific direct harm to the Companies. An abridged version of this response is being provided for the public record.

Current supplier price in Canadian dollars	CDN/US exchange rate if applicable	Supplier discount %	Sales Tax %	Warehouse & Distribution Factor %	Cost including tax and Warehousing and Distribution
A= #	1.011	N/A	N/A	D= #	Updated formula $E = A + D$ #

Bell Canada and Bell Aliant¹ in Ontario and Québec purchase the VDSL2 modems from Sagemcom Canada Inc. at a price of # USD. For illustrative purposes, given that the exchange rate fluctuates and modems are purchased on a continuous basis, the Companies used the average currency conversion ratios of the Bank of Canada for the

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¹ Bell Aliant in the Atlantic Region does not purchase Sagemcom 2864 VDSL modems.

period of 1 January 2013 to 1 May 2013 to convert from US dollars to Canadian dollars. Progistix Solutions Inc., a company owned and operated by Canada Post, performs the Warehouse and Distribution (W&D) functions for modems shipped to Internet service providers (ISPs) for bulk orders or directly to the ISP's end-users. This cost, expressed in dollars, applies to each modem. The modem and the W&D are subject to applicable taxes but are shown excluding taxes in the table. As the modem is sold 'outright' to the ISP, the applicable taxes are recoverable and do not represent a cost to the Companies.

The Companies note that the figures shown in the table above do not account for other costs incurred by the Companies such as processing the order from the ISP as well as billing and collecting the fees from the ISP.

The Sagemcom modem is made available by the Companies to ISPs at a price of \$110 plus tax, per modem. As can be seen, this price is reasonable given the costs incurred by Companies.

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