

Results of the spectrum auction for mobile electronic communications

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The competitive selection (auction)

- ❑ **a transparent, objective procedure**
 - ✓ internally developed by ANCOM
 - ✓ based on the confirmed international practice models
 - ✓ adjusted to the specific circumstances of the Romanian market

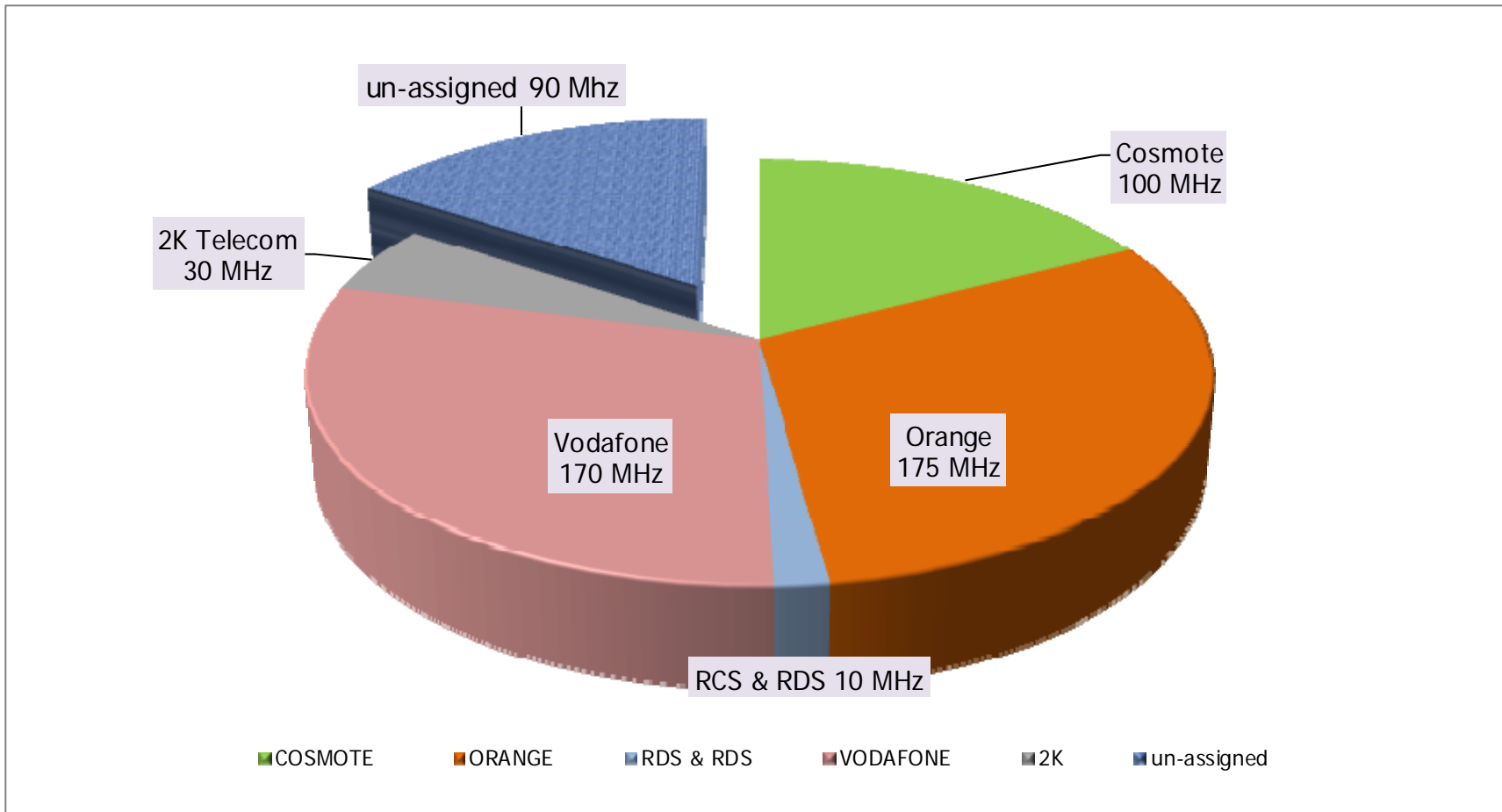
- ❑ **the market decides how the frequencies are distributed**
(not the authority)
 - ✓ frequency blocks sufficiently small (for flexibility of choices) and sufficiently large (for technological neutrality = 2G, 3G, 4G)
 - ✓ independent (one from another) frequency blocks
 - ✓ the operators may gain frequency portfolios which are the most suitable for their own needs and business models

- ❑ **equal treatment**
 - ✓ same participation conditions applied to all interested parties

Auction final accounts = all objectives achieved

- ✓ **Substantial boost of the spectrum amount available for mobile communications**
 - a plus of 210 MHz, or **+77%** as opposed to the frequencies available before the auction
- ✓ **Advantages for users**
 - technological innovation => new high speed services
 - more frequencies => better quality and coverage
 - **676 rural localities underserved** with 3G will benefit from HSPA/HSPA+/LTE coverage
- ✓ **Encouraging the technological progress**
 - free choice of technologies
 - premises created for the commercial launch of **LTE/4G** (urban from 2013, national from April 2014)
- ✓ **Sustainable development of the competitive environment**
 - **4 networks with national coverage**, a more efficient distribution of the 900 MHz band
 - Cosmote, RCS & RDS and 2K Telecom undertook the obligation to host **MVNO**
- ✓ **Security of long-term planning and investments**
 - operators may plan their network deployment and their **investments through 2029**
 - transitory **national roaming**, for the first time ever in Romania
- ✓ **An auction with efficient results**
 - there are no significant differences between the licence fees for substitutable bands
 - ensuring **continuous portfolios**, non-fractioned
- ✓ **Fair auctioned prices for public limited resources**
 - community welfare

Distribution of the auctioned spectrum among the winners (MHz)



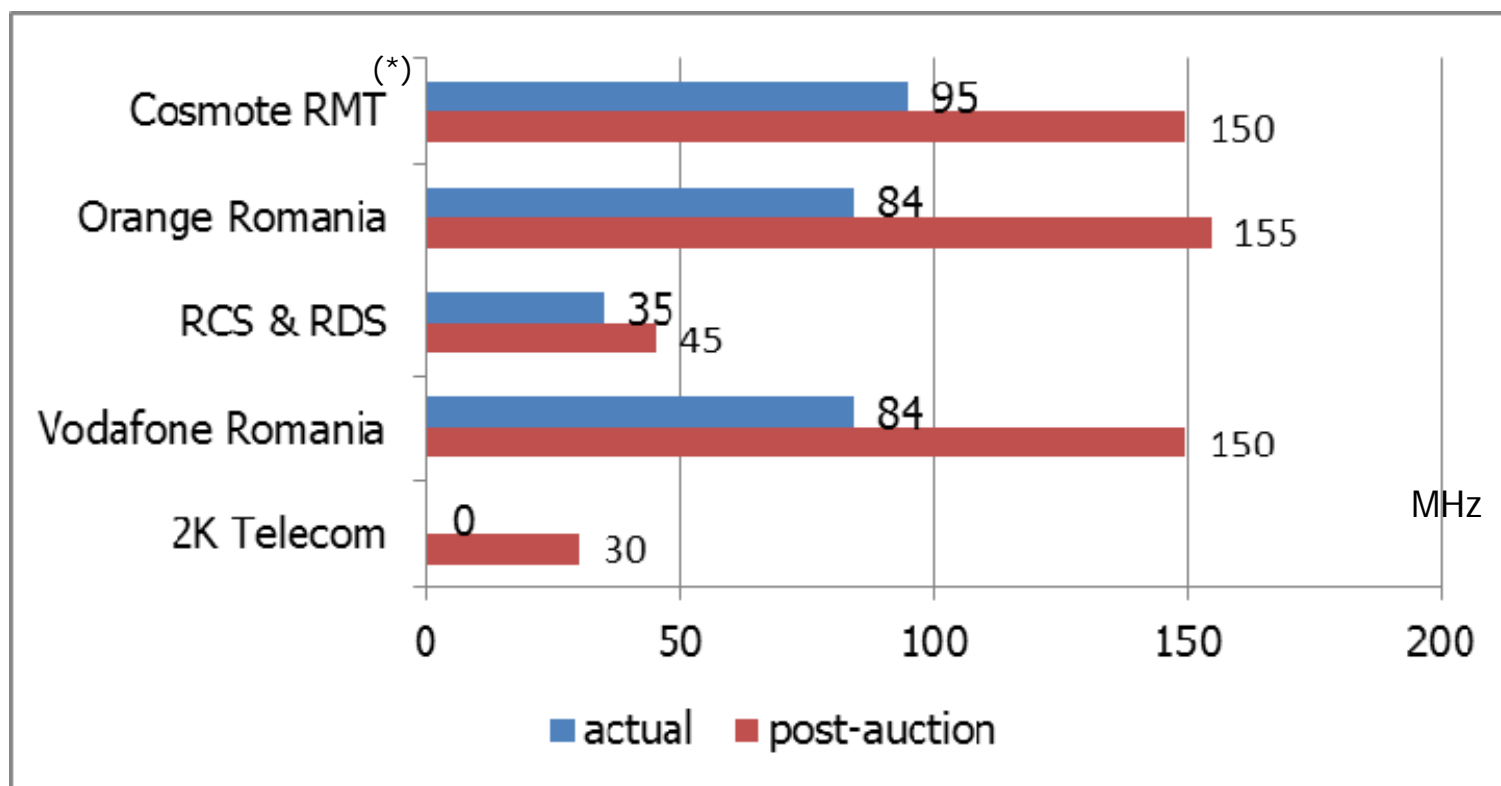
**485 MHz of the auctioned 575 MHz were assigned, 85%.
The spectrum resources available for mobile communications rose by 77%.**

Licence winners & licence fees

| Type | Band | Block size | Validity | Cosmote RMT | Orange | RCS & RDS | Vodafone | 2K Telecom |
|------------------------|----------|-------------|-------------------------|-------------|--------------|------------|--------------|------------|
| A | 800 MHz | 2 x 5 MHz | 06.04.2014 - 05.04.2029 | 2 x 5 MHz | 2 x 10 MHz | - | 2 x 10 MHz | - |
| B | 900 MHz | 2 x 2.5 MHz | 01.01.2013 - 05.04.2014 | - | 2 x 12.5 MHz | - | 2 x 12.5 MHz | - |
| C | 900 MHz | 2 x 5 MHz | 06.04.2014 - 05.04.2029 | 2 x 10 MHz | 2 x 10 MHz | 2 x 5 MHz | 2 x 10 MHz | - |
| D | 1800 MHz | 2 x 5 MHz | 01.01.2013 - 05.04.2014 | - | 2 x 15 MHz | - | 2 x 15 MHz | - |
| E | 1800 MHz | 2 x 5 MHz | 06.04.2014 - 05.04.2029 | 2 x 25 MHz | 2 x 20 MHz | - | 2 x 30 MHz | - |
| F | 2600 MHz | 2 x 5 MHz | 06.04.2014 - 05.04.2029 | 2 x 10 MHz | 2 x 20 MHz | - | - | - |
| G | 2600 MHz | 1 x 15 MHz | 06.04.2014 - 05.04.2029 | - | - | - | 1 x 15 MHz | 1 x 30 MHz |
| Auctioned price (EURO) | | | | 179,880,000 | 227,135,002 | 40,000,000 | 228,520,034 | 6,601,000 |

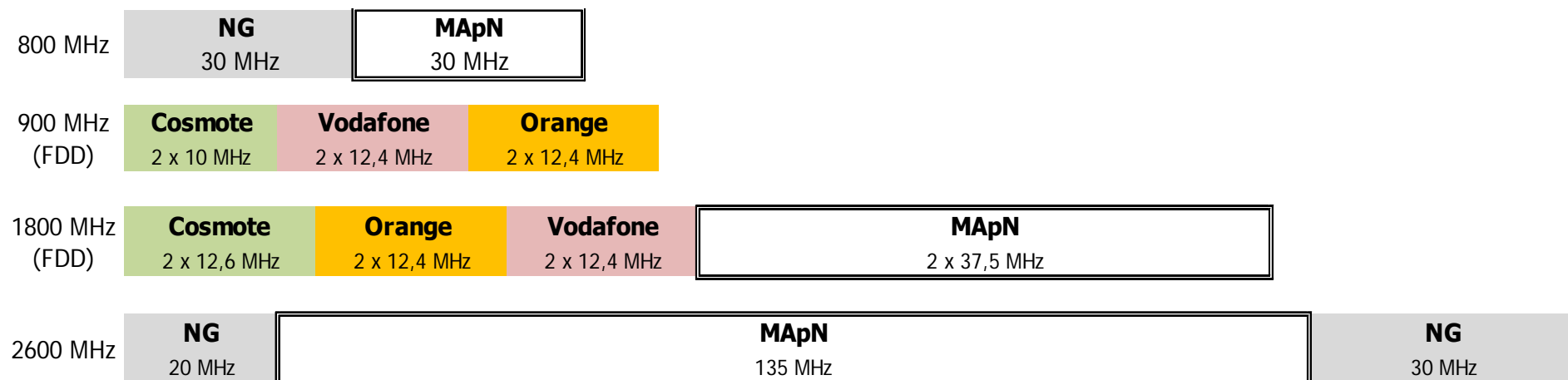
Total: €682,136,036

Distribution of the total spectrum portfolios (MHz)

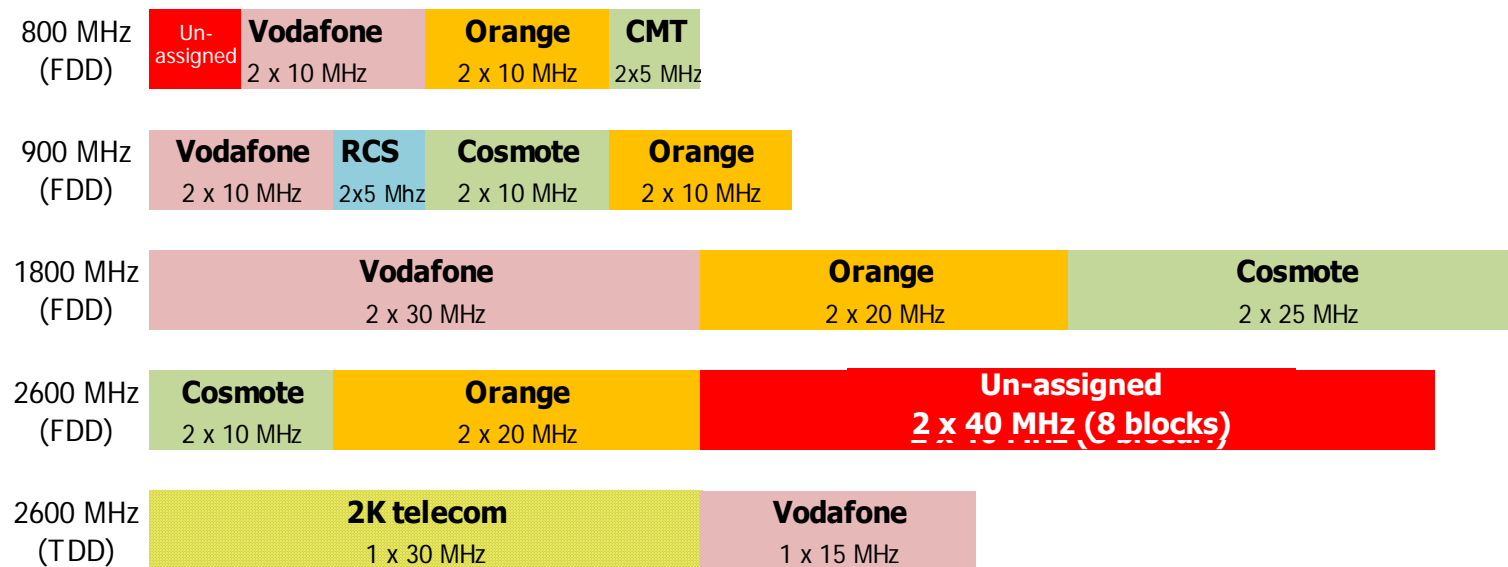


(*) includes the frequency portfolios of all the companies from the group

Allocation of the auctioned spectrum on bands & holders PRE-AUCTION

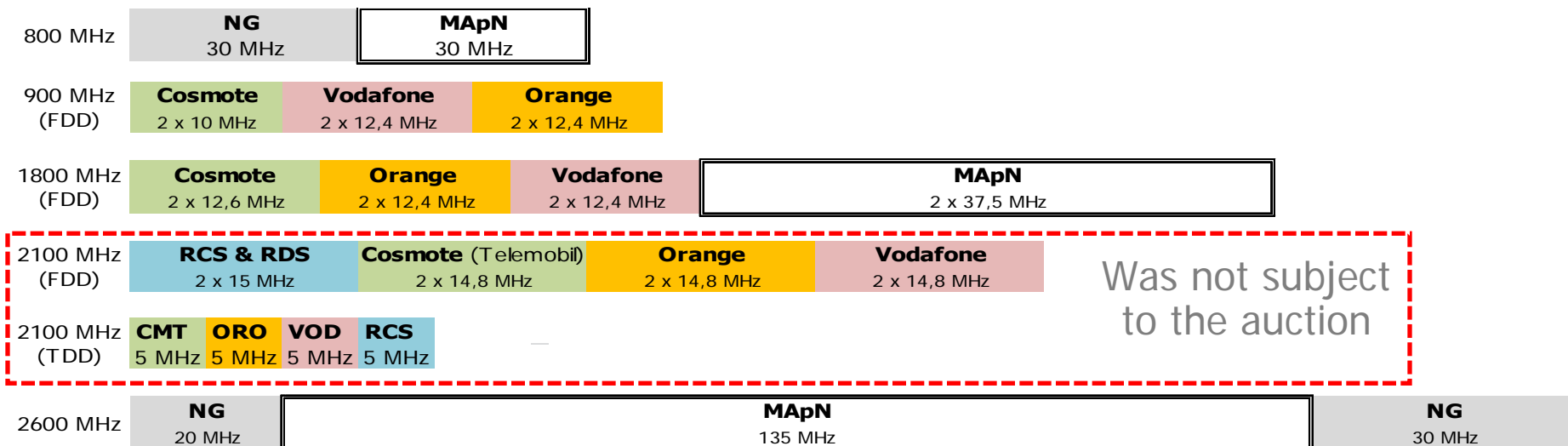


Allocation of the auctioned spectrum on bands & holders POST-AUCTION (*)

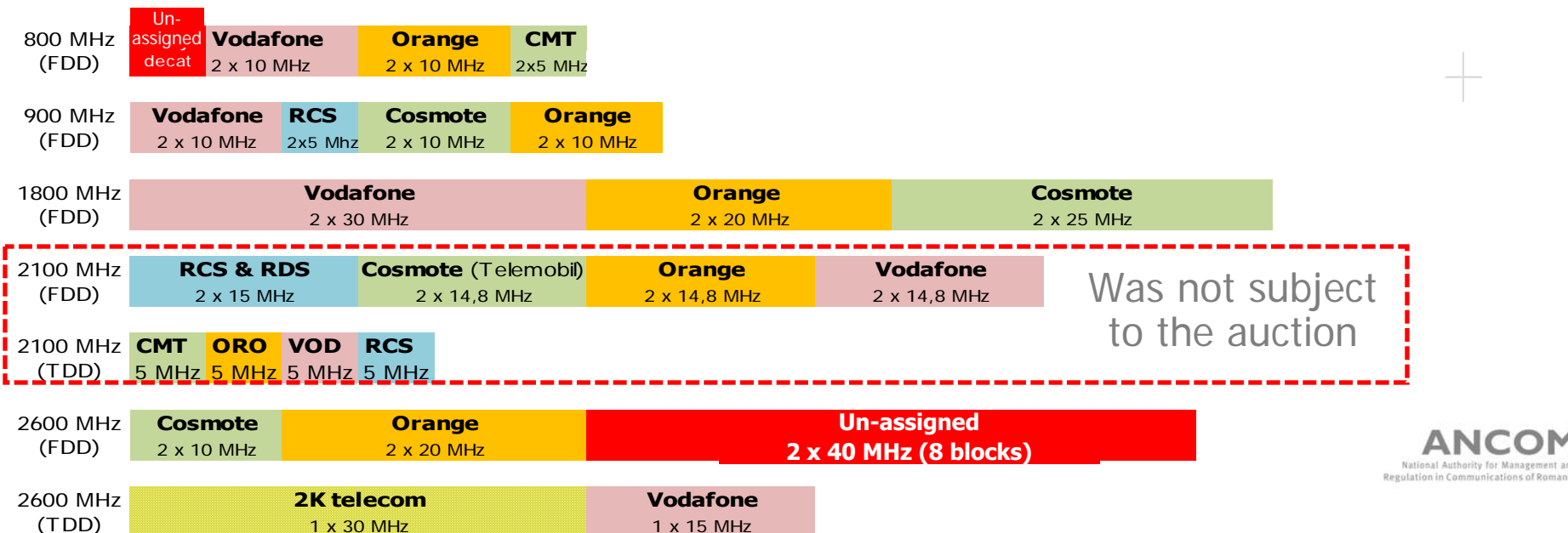


(*) from 6 April 2014

Allocation of the spectrum portfolios on bands & holders PRE-AUCTION



Allocation of the spectrum portfolios on bands & holders POST-AUCTION



Why was the auction necessary? (I)

Licences about to expire

- 2 GSM licences (900 + 1800 MHz) end 2012
- 1 GSM licence (900 + 1800 MHz) April 2014

New frequencies available

- after the release by the National Defence Ministry (MApN) of certain bands (800 MHz, 1800 MHz, 2600 MHz)
- after the amendment of the NTFA (800 MHz, 2600 MHz)
- adapted for LTE, with superior bandwidths

More data traffic in mobile communications

- increasingly large volume of data at mobile locations (more than 200 MB/active SIM card/month)
- every day, more smartphones, tablets etc. are using more and more applications, mobile Internet, social networks
- perspectives for OTT and mobile cloud computing services (same content everywhere)
- boost of the network capacities



Why was the auction necessary? (II)

New technologies in mobile communications

❑ HSPA+

- ✓ a strong growth of the transmission rate (as compared to UMTS)
- ✓ terminals already available on a large scale

❑ LTE (4G)

- ✓ superior spectral efficiency, by 3-4 times as compared to UMTS/HSPA
- ✓ rise of the download rate up to 100 Mbit/s
- ✓ bigger capacities, at low tariffs

Calendar of the 2012 auction

- 27 December 2011 adoption of Government Ordinance 111/2011
 - 28 December 2011 decision on the extension of the GSM licences

 - 14 March 2012 public consultation on the set of auction documents
 - 2 July 2012 invitation to submit bids in the auction

 - 14 August 2012 5 applications
 - 20 August 2012 all applications validated

 - 10 September 2012 2 Primary Rounds
 - 11 September 2012 1 Primary Round

 - 14 September 2012 Additional Round 1
 - 17 September 2012 Additional Round 2

 - 21 September 2012 4 Assignment Rounds
 - 24 September 2012 3 Assignment Rounds
- **COSMOTE RMT**
 - **ORANGE ROMANIA**
 - **RCS & RDS**
 - **VODAFONE ROMANIA**
 - **2K TELECOM**

Timescales for paying the licence fees

- Orange and Vodafone will pay until **30 November 2012** the fees for the licences valid through 2014 in the 900 and 1800 MHz bands.
- The fees for the licences valid through 2029 will be paid until **30 June 2013**.
- The fees for the licences valid through 2029 in the 900 MHz band will be paid as follows:
 - ✓ 26 million euros/block until 30 November 2012
 - ✓ the remaining amount until 30 June 2013 at the latest