



Belgium 800 MHz Auction – Industry Event

Presentation prepared by NERA Economic Consulting and deprevernet on behalf of the BIPT

Richard Marsden

Dr Jacques Potin

NERA

Dr Emiel Maasland

Erasmus University

NERA Special Consultant

Sébastien Depré

Dimitri Schrijvers

deprevernet

Brussels

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Introduction



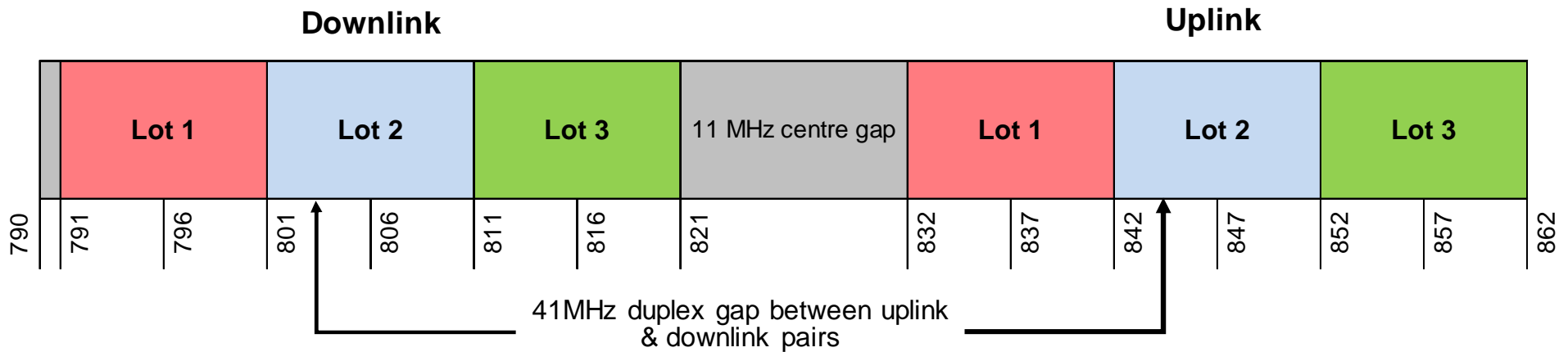
Available Spectrum

Available lots



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Lot	Base Station Reception	Base Station Transmission	Maximum Initial Duration	Minimum Price (euros)	Order of Priority for Vacant 2.6 GHz Spectrum
Lot 1	832-842 MHz	791-801 MHz	20 years	120,000,000	1 st priority
Lot 2	842-852 MHz	801-811 MHz	20 years	120,000,000	2 nd priority
Lot 3	852-862 MHz	811-821 MHz	20 years	120,000,000	3 rd priority

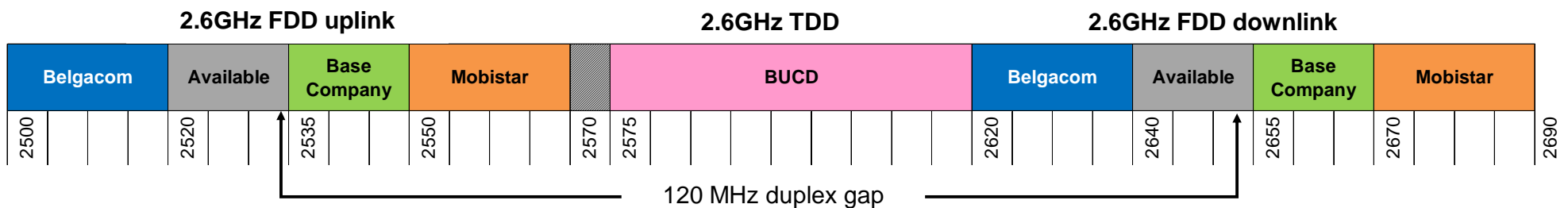


Access to 2.6GHz spectrum



- The 2x15MHz in the 2.6GHz not previously allocated is reserved for an 800 MHz operator (if any) who does not already have spectrum in this band
- If several operators are in this position at the end of the auction, the order of priority will be as follows:
 1. Operator who has obtained Lot 1
 2. Operator who has obtained Lot 2
 3. Operator who has obtained Lot 3
- The operator shall inform the BIPT within 30 days after notification of the grant of an 800MHz usage right whether it wants to take up the option to acquire the usage rights for the 2x15MHz in the 2.6GHz band
- The usage right conditions, including expiry (July 2027) will be similar to the usage rights granted in 2011

The available frequencies are 2520-2535 MHz paired with 2640-2655 MHz



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Legal and regulatory issues

Presented by:

Sébastien Depré

Dimitri Schrijvers

Attorneys at Law

- National roaming (Art. 12 RD 800 MHz):
 - Belgacom, Mobistar or Base Company will have to offer national roaming, if they obtain an 800 MHz licence. All other 800 MHz operators will be entitled to obtain national roaming
 - Entrants are free to negotiate national roaming agreements with existing operator(s)
 - BIPT can intervene:
 - to impose measures to have such an agreement concluded (within 6 months following reception of the request by the operator entitled to national roaming)
 - to require existing operators to offer newcomers national roaming on their networks
 - in case of intervention: retail minus pricing
 - Agreement will take effect from the date on which the 800MHz operator covers 20% of the Belgian population (unless a specific request is made)
 - Agreement imposed by BIPT will lapse 9 years after the notification of the usage rights to the operator entitled to national roaming
 - 800 MHz operator cannot roam onto networks (2G, 3G or 4G) of a 2G-operator in areas where it has rolled out its own 800 MHz network (unless otherwise agreed)

- Antenna sites:
 - Town planning permit and environmental exposure limits (radiation) – regional and local competences
 - Site sharing (Articles 25-27 ECA)
 - Obligation to use pre-existing supports
 - Obligation to share sites
 - Obligation to cooperate in case of urban planning permits
 - Obligation to contribute to a database
- Infrastructure sharing:
 - Shared use of the radio access network (details can be found in the BIPT communication of 17 January 2012 presenting guidelines for infrastructure sharing)
- Spectrum trading (Art. 19 ECA and the RD of 26 February 2010 regarding the transfer of user rights for radio frequencies entirely or partially used for electronic communications services offered to the public)
 - Transfer of usage rights can be done entirely or partially
 - Subject to requirements of efficient/effective management of the radio frequency spectrum
 - BIPT approves transfer request within 3 months following reception of transfer request or receipt of additional information

- Numbering (RD of 27/04/2007 on managing the national number space):
 - 800 MHz operators need numbers to offer services
 - Selection in accordance with numbering plan according to the service type/tariff principles
- International Mobile Subscriber Identity (“IMSI” – RD of 27/04/2007):
 - Country Code (“206”) followed by the network code and 10 digits
 - Required to enable “visited” network to identify the “roaming” terminal equipment
- Number portability (amended RD of 23/09/2002 on portability for end-users of publicly available mobile telecommunication services):
 - Mandatory provided through a central reference database (“CRDB”) for number portability
 - The CRDB is an intermediate platform ensuring broadcasting of routing information
 - User costs borne by the operators
- Data retention (Art. 126 ECA):
 - Duty to register and save traffic and identification data of end-users (with a view of repressing malicious calls and for the purpose of investigation)

- Facilitation of identification and legal interception (Art. 127 ECA):
 - Duty to take measures in order to allow caller identification, detecting, locating, tapping, taking notice of and recording private communications
- Mobile termination rates:
 - Regulation subject to market analysis
 - Regulation of present operators provides for (BIPT decision of 29 June 2010 for regulation of market 7):
 - Cost orientation obligation based on costs of efficient operator
 - Access and interconnection
 - Non-discrimination
 - Transparency
 - Price monitoring and cost accounting system

- Social element of the universal service (Art. 74 ECA):
 - Operators (i) providing a public electronic communications service to consumers and (ii) whose turnover exceeds fifty million euro are obliged to provide special tariff conditions to certain categories of persons (65+, 66% handicapped, ...)
 - Other operators have the possibility to provide social element, if they notify BIPT
- Financing of the universal service:
 - Universal service fund regarding social tariffs (financed by operators providing social element – Art. 74/1 ECA and Art. 45/1 of the annex to the ECA)
 - Compensation for providers of social element if net cost borne represents unfair burden
 - Fund for universal service other than the social element (financed by operators – Art. 92 and following ECA)
 - Compensation for providers of universal services other than the social element if net cost borne represents unfair burden
 - Database of beneficiaries of the social telephone tariff (financed by operators providing social tariffs – Art. 30, §§2-5 of the Act of 17/01/2003 on the statute of the BIPT)

Regulatory issues – 6

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- Financing of the Office of the Ombudsman (Art. 43 bis of the Act of 21 March 1991 on the reform of certain public enterprises):
 - In proportion to turnover during preceding year relating to activities falling within the scope of the Office of the Ombudsman (first EUR 1,240,000 omitted)

Conditions for the exercise of the 800 MHz rights of use

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- Applicants shall indicate which technology they plan to use (Art. 16, §1, 8° RD 800 MHz):
 - No limitations, however a number of technical obligations are imposed in order to ensure coexistence between neighbouring operators (cf. Annex 1 of the RD 800 MHz)
- Compliance of radio frequency equipment with applicable rules
- Usage rights have a duration of 20 years starting from notification of their granting to the selected candidates, with possibility for BIPT to extend for periods of five years (Art. 3, §1 RD 800 MHz)
- Basic coverage (i.e. service provision at 3 Mbps 24/7) obligations (Art.11, §§1-2 RD 800 MHz):
 - 800 MHz operators who are also 2G-operators have to cover 98% of the population by the end of year six after notification of the grant of the usage rights
 - 800 MHz operators who are not a 2G operator have to cover 98% of the population by the end of year nine after notification of the grant of the usage rights
- Additional coverage obligation (Art. 11, §3 RD 800 MHz):
 - The 800 MHz operator who has been awarded lot 3 (i.e. frequency block 811-821 MHz and 852-862 MHz) has to cover at least 98% of the population of 60 priority municipalities (listed in Annex 2 of the RD 800 MHz) within three years' time starting from the notification
- Other obligations (in addition to coverage obligations)

- Unique fee (Art. 30, §1/1, 4° ECA):
 - Minimum amount of EUR 25.000 per MHz awarded and per month (i.e. no less than EUR 120 million for one 10 MHz duplex lot for a 20 years' period)
 - Two methods of payment: lump sum or annual instalments
 - If payment is done by instalments, the legal interest rate (i.e. 2,75% for 2013) applies as from the 16th day following the notification of usage rights and this interest must be paid alongside instalments
- Annual fees (Art. 7 RD 800 MHz):
 - 800 MHz licence management fee: EUR 350.000/year
 - Frequency availability fee: EUR 87.500 per MHz and per year
 - Annual fees for the use of numbers (RD 27/04/2007 on managing the national number space):
 - Numbering: EUR 1.159 file charges and EUR 1,738 annual user fee
 - IMSI: EUR 1,159 file charges and EUR 14.482 annual user fee



The Award Process

Application



- The following has been published on auction2013.be and in the Official Journal:
 - Deadline for submission of applications (published in August)
 - Bank account number for submission of initial deposit (at least € 5 million)
 - The Application Form

- Applications must be in French, Dutch or German (NOT English)
 - After being submitted to BIPT, an Application may not be modified
 - Candidates must notify BIPT of any changes or proposed changes to information provided in their application

Qualification



- Any bidder that does not meet the requirements to participate in the auction, based on their application and deposit submissions, will be excluded
- Following the deadline for submission, the BIPT will provide each candidate qualified to participate in the auction with a list of all candidates that have submitted applications and have been found qualified to participate in the auction
- In case more than one candidate is part of the same “Relevant Group”:
 - Such candidates must notify BIPT immediately regarding their relationship
 - All but one of the related candidates must withdraw their applications; otherwise, all candidates in the same Group will be excluded from the auction
- Before the start of the auction, BIPT will communicate the names of all candidates qualified to participate in the auction

Indicative timetable

- Unless otherwise stated, the following is an indicative timetable for the award process, and may be changed without notice

Event	Date
Application Form published in the Belgian Official Journal and on the auction website (www.auction2013.be)	Published on: 14 August 2013
Deadline for receiving Applications	Fixed as: 23 September 2013
List of Candidates qualified to participate in auction published	8 October 2013
Start of Auction	12 November 2013
Announcement of Winning Bidders to Bidders	Same day as Final Round of auction
Press release announcing outcome of the auction	Not later than 1 working day after Final Round of auction
Grant of the Licences	Approximately 3 weeks after Final Round of the auction
First payment due	Within 15 days after Notification of Licence

Further information



- For further information about the award process, please refer to the documents published on the website:

www.auction2013.be

- Or contact the BIPT in writing or by email:

auction2013@ibpt.be

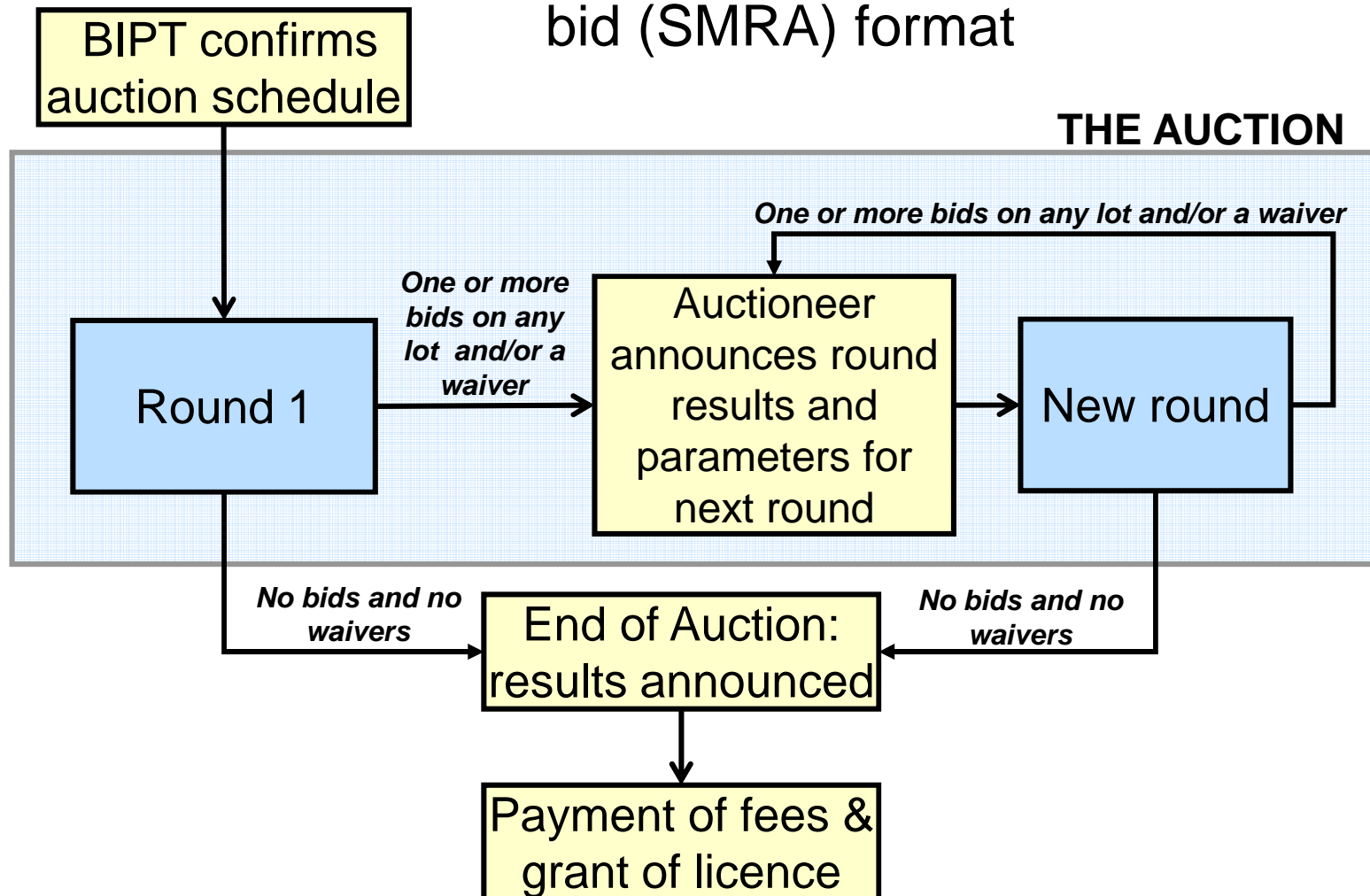
- The BIPT reserves the right not to reply to questions
- If it does reply, the question and answer:
 - will be published on the website for **questions received until 23 September 2013**
 - will be drafted in a form that does not disclose the identify of the party submitting the question



Auction rules

Overview of the auction

- The auction will be run using a simultaneous multiple round ascending bid (SMRA) format



Scheduling of rounds



- The Auctioneer has complete discretion over the scheduling of rounds
- The BIPT's current intention is to work within the following parameters:
 - Rounds to be scheduled between 9am & 5pm on Belgian business days
 - Between 4 and 8 rounds each business day
 - Round length between 20 minutes and 2 hours
 - Minimum 20 minute gap between rounds
- The Auctioneer will announce an indicative schedule before each day's bidding
- The start of each round may be delayed but will not normally be brought forward

Bidding: Round 1



- In Round 1, all qualified bidders are eligible to bid on any one of the three lots at the reserve price
- At the end of the round, the Auctioneer will determine the “provisional winning bidder” (if any) for each lot:
 - If there is only one bid, the bidder that submitted the bid will be the provisional winning bidder
 - If there are two or more bids, the provisional winning bidder will be selected at random from amongst these bids
 - If there are no bids, there is no provisional winning bidder
- The price of any lots that received a bid in Round 1 will be increased in Round 2; the price of any other lots will remain at the reserve level

Bidding: Round 2 onwards



- From Round 2 onwards, only bidders that do not have a provisional winning bid (and have not withdrawn or been excluded from the auction) are eligible to submit a bid
- Each eligible bidder may place a bid on any one of the three lots at the prevailing price for that lot
- At the end of each round, the Auctioneer will determine the “provisional winning bidder” (if any) for each lot:
 - If there is only one bid, the bidder that submitted the bid will be the provisional winning bidder
 - If there are two or more bids, the provisional winning bidder will be selected at random from amongst these bids
 - If there are no bids, the provisional winning bidder (if there is one) remains unchanged from the previous round
- The price of any lots that received bids will be increased in the next round; the price of any other lots will remain unchanged

Bidding: Final Round



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- The final round will be a round in which:
 - no bids are placed and no waivers are used; or
 - all remaining eligible bidders are provisional winning bidders
- The provisional winning bidders will be declared the winning bidders
- Each winning bidder will be required to pay the amount of their winning bid

Price increments



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- The Auctioneer has discretion to determine price increments subject to certain parameters
- For each lot, the increment will be:
 - ≥ 3% of the current price
 - ≤ 10% of the current price
 - rounded to the nearest 1,000 euros
- The price increment (in either absolute or percentage terms) may vary across lots in each round, as:
 - Not all lots may be subject to excess demand in the same round
 - The Auctioneer may chose to apply different increments to different lots

Increment	Minimum price path (3%)	Maximum price path (10%)
Reserve	€ 120 000 000	€ 120 000 000
+ 1 increment	€ 123 600 000	€ 132 000 000
+ 2 increments	€ 127 308 000	€ 145 200 000
+ 3 increments	€ 131 128 000	€ 159 720 000
+ 4 increments	€ 135 062 000	€ 175 692 000
+ 5 increments	€ 139 114 000	€ 193 261 000

- Indicates prices that have been rounded up to nearest €1,000
- Indicates prices that have been rounded down to nearest €1,000

Waivers and withdrawals



- In each round, bidders that are not provisional winning bidders may, as an alternative to bidding:
 - Place a waiver (if they have any remaining)
 - Withdraw from the auction
- A waiver or withdrawal may be selected “actively” using the electronic auction system or “passively” through inactivity
- If a bidder that is not a provisional winning bidder fails to submit a decision in a round, it will be deemed to have:
 - Used a waiver, if it has any remaining; or
 - Withdraw from the auction, if it has no waivers remaining
- A bidder that uses a waiver maintains its right to submit a bid in the next round
- Each bidder is allowed a maximum of two waivers
- Once a bidder has withdrawn from the auction, it cannot place any further bids

Information provided to bidders



- At the end of each round, bidders will be presented with information about their own bid in the last completed round
- In addition, they can access reports with the following information:
 - For each lot:
 - the amount of the provisional winning bid (if any);
 - the identity of the provisional winning bidder (if any); and
 - the prevailing price of the lot in the next round
 - The identities of bidders that have used a waiver (if any)
 - The identities of bidders that have withdrawn from the auction (if any)
 - The identities of bidders that have been excluded from the auction (if any)
 - The start time and end time for the next round
 - Full information about the bidder's own status on the auction, including a history of its previous round bids
- For a given lot, no information is provided on the number of bids that were placed but not selected as a provisional winning bid or the identities of bidders that placed such bids

Deposits and payments



- Bidders are required to maintain an adequate deposit throughout the auction
 - Applicants must submit a minimum deposit of €5.0m
 - An additional deposit of €2.5m is required for bids exceeding €150m
 - A further additional deposit of €2.5m is required each time a bid exceeds a multiple of €50m
- Proof of the deposit must arrive at the BIPT before a relevant bid is submitted
- The Electronic Auction System will not allow bids that violate the deposit rule
- For winning bidders, the deposit (including any interest earned) will be used as an initial payment towards the licence fee
- Losing bidders shall have their deposit refunded, provided that they placed at least one valid bid for a lot

Bid amount	Minimum deposit requirement
€ 120m	€ 5.0m
> € 150m	€ 7.5m
> € 200m	€ 10.0m
> € 250m	€ 12.5m
> € 300m	€ 15.0m
> € 350m	€ 17.5m
> € 400m	€ 20.0m
Each additional € 50m	+ € 2.5m



Auction – illustrative example

Illustrative auction

- Prior to the auction, the BIPT announces that 4 bidders have qualified to participate in the auction:

Anna

Boris

Carl

David

- In round 1, each bidder is eligible to bid on any one of the three available lots
- The reserve price for each lot is 120m euros
- In this example, bid increments of 5% will be applied from round 2 onwards

Round 1 - Bids

	Lot 1 @ €120.0m	Lot 2 @ €120.0m	Lot 3 @ €120.0m	Use a Waiver?	Withdraw?
Anna	✓				
Boris	✓				
Carl		✓			
David		✓			

- All four bidders place bids
- As two bidders placed a bid for Lot 1, the provisional winning bid for this lot will be selected at random
- The same approach applies to Lot 2

Round 1 - Results



	Lot 1	Lot 2	Lot 3
Provisional Winning Bidder	Anna	David	None
Provisional Winning Bid	€120.0m	€120.0m	None
Price in Round 2	€126.0m	€126.0m	€120.0m
Additional Information	No bidder has used a waiver No bidder has withdrawn No bidder has been excluded		

- Anna and David are selected as the provisional winning bidders
- As there is excess demand for Lot 1 and Lot 2:
 - We move on to a second round
 - The price for these two lots is increased by 5%

Round 2 – Bids

	Lot 1 @ €126.0m	Lot 2 @ €126.0m	Lot 3 @ €120.0m	Use a Waiver?	Withdraw?
Anna					
Boris	✓				
Carl		✓			
David					

- As Anna and David are provisional winning bidders, they cannot bid, place a waiver, or withdraw in Round 2
- Boris and Carl decide to bid on the same lots again at the new round prices

Round 2 - Results



	Lot 1	Lot 2	Lot 3
Provisional Winning Bidder	Boris	Carl	None
Provisional Winning Bid	€126.0m	€126.0m	None
Price in Round 3	€132.3m	€132.3m	€120.0m
Additional Information	No bidder has used a waiver No bidder has withdrawn No bidder has been excluded		

- As Boris submitted the only bid for Lot 1, he is selected as the provisional winning bidder, replacing Anna
- As Carl submitted the only bid for Lot 2, he is selected as the provisional winning bidder, replacing David
- We move on to Round 3, and the prices for Lot 1 and Lot 2 are each increased by 5%

Round 3 - Bidding

	Lot 1 @ €132.3m	Lot 2 @ €132.3m	Lot 3 @ €120.0m	Use a Waiver?	Withdraw?
Anna	✓				
Boris					
Carl					
David	✓				

- As Boris and Carl are provisional winning bidders, they cannot bid, place a waiver, or withdraw in Round 3
- Both Anna and David decide to bid on Lot 1 at the new round price

Round 3 - Results



	Lot 1	Lot 2	Lot 3
Provisional Winning Bidder	David	Carl	None
Provisional Winning Bid	€132.3m	€126.0m	None
Price in Round 4	€138.915m	€132.3m	€120.0m
Additional Information	No bidder has used a waiver No bidder has withdrawn No bidder has been excluded		

- David wins a tiebreak with Anna and is selected as the provisional winning bidder for Lot 1, replacing Boris
- Carl remains the provisional winning bidder on Lot 2
- As Lot 1 is the only lot that received bids in this round, it is the only lot for which the price is increased for Round 4

Round 4 - Bids



	Lot 1 @ €138.915m	Lot 2 @ €132.3m	Lot 3 @ €120.0m	Use a Waiver?	Withdraw?
Anna			✓		
Boris				*	
Carl					
David					

- As Carl and David are provisional winning bidders, they cannot bid, place a waiver, or withdraw in Round 4
- Anna bids on Lot 3, which is still at the Reserve Price of €120.0m
- * Boris fails to submit an active decision; consequently, he is deemed to have used a waiver
- From Round 5 onwards, Boris has only 1 waiver remaining

Round 4 - Results



	Lot 1	Lot 2	Lot 3
Provisional Winning Bidder	David	Carl	Anna
Provisional Winning Bid	€132.3m	€126.0m	€120.0m
Price in Round 5	€138.915m	€132.3m	€126.0m
Additional Information	Boris has used a waiver No bidder has withdrawn No bidder has been excluded		

- Anna becomes the provisional winning bidder on Lot 3
- David remains the provisional winning bidder on Lot 1, and Carl remains the provisional winning bidder on Lot 2
- As Lot 3 is the only lot that received a bid in this round, it is the only lot for which the price will be increased for Round 5

Round 5 - Bids



	Lot 1 @ €138.9m	Lot 2 @ €132.3m	Lot 3 @ €126.0m	Use a Waiver?	Withdraw?
Anna					
Boris			✓		
Carl					
David					

- As Anna, Carl, and David are provisional winning bidders, they cannot bid, place a waiver, or withdraw in Round 5
- Boris places a bid on Lot 3

Round 5 - Results



	Lot 1	Lot 2	Lot 3
Provisional Winning Bidder	David	Carl	Boris
Provisional Winning Bid	€132.3m	€126.0m	€126.0m
Price in Round 6	€138.915m	€132.3m	€132.3m
Additional Information	No bidder has used a waiver No bidder has withdrawn No bidder has been excluded		

- Boris becomes the provisional winning bidder on Lot 3, replacing Anna
- David remains the provisional winning bidder on Lot 1, and Carl remains the provisional winning bidder on Lot 2
- The price of Lot 3 will increase in Round 6; other lot prices will be unchanged

Rounds 6 - 9

- Suppose that from rounds 6 – 9, bidding continues as follows:

	Provisional winning bidder (bid amount)			New activity
	Lot 1	Lot 2	Lot 3	
Round 6	David (€132.3m)	Anna (€132.3m)	Boris (€126.0m)	Anna bids on Lot 2 @ €132.3m
Round 7	Carl (€138.915m)	Anna (€132.3m)	Boris (€126.0m)	Carl bids on Lot 1 @ €138.915m
Round 8	David (€145.861m)	Anna (€132.3m)	Boris (€126.0m)	David bids on Lot 1 @ €145.861m
Round 9	David (€145.861m)	Carl (€138.915m)	Boris (€126.0m)	Carl bids on Lot 2 @ €138.915m

Round 10 – prices and deposits



- In round 10, prices are as follows:

Lot 1	Lot 2	Lot 3
€153.154m	€145.861m	€132.3m

- Observe that the price of Lot 1 $>$ € 150m
- Consequently, only bidders that have submitted deposits of € 7.5m or higher are eligible to bid for Lot 1 in Round 10
- Suppose that bidders have the following deposits as of Round 10:

	Deposit as of Round 10	Implication
Anna	€5.0m	Can bid for any lot up to price of €150.0m
Boris	€7.5m	Can bid for any lot up to price of €200.0m
Carl	€5.0m	Can bid for any lot up to price of €150.0m
David	€12.5m	Can bid for any lot up to price of €300.0m

Round 10 - Bids

	Lot 1 @ €153.154m	Lot 2 @ €145.861m	Lot 3 @ €132.3m	Use a Waiver?	Withdraw?
Anna		✓			
Boris					
Carl					
David					

- As Boris, Carl and David are provisional winning bidders, they cannot bid, place a waiver, or withdraw in Round 10
- Anna does not have sufficient deposit to bid on Lot 1, so this bid option is not available to her
- Anna bids on Lot 2

Round 10 - Results



	Lot 1	Lot 2	Lot 3
Provisional Winning Bidder	David	Anna	Boris
Provisional Winning Bid	€145.861m	€145.861m	€126.0m
Price in Round 11	€153.154m	€153.154m	€132.3m
Additional Information	No bidder used a waiver No bidder has withdrawn No bidder has been excluded		

- Anna becomes the provisional winning bidder on Lot 2, replacing Carl
- David remains the provisional winning bidder on Lot 1, and Boris remains the provisional winning bidder on Lot 3
- The price of Lot 2 will increase in Round 11; other lot prices will be unchanged

Round 11 - Bids

	Lot 1 @ €153.154m	Lot 2 @ €153.154m	Lot 3 @ €132.3m	Use a Waiver?	Withdraw?
Anna					
Boris					
Carl				✓	
David					

- As Anna, Boris and David are provisional winning bidders, they cannot bid, place a waiver, or withdraw in Round 11
- Carl does not have sufficient deposit to bid on Lot 1 or Lot 2, so these bid options are not available to him
- Carl submits a waiver; he has one waiver remaining for future rounds

Round 11 - Results



	Lot 1	Lot 2	Lot 3
Provisional Winning Bidder	David	Anna	Boris
Provisional Winning Bid	€145.861m	€145.861m	€126.0m
Price in Round 12	€153.154m	€153.154m	€132.3m
Additional Information	Carl has used a waiver No bidder has withdrawn No bidder has been excluded		

- David remains the provisional winning bidder on Lot 1, Anna remains the provisional winning bidder on Lot 2, and Boris remains the provisional winning bidder on Lot 3
- As there are no bids in this round, there are no price changes for Round 12

Round 12 - Bids

	Lot 1 @ €153.154m	Lot 2 @ €153.154m	Lot 3 @ €132.3m	Use a Waiver?	Withdraw?
Anna					
Boris					
Carl				*	
David					

- As Anna, Boris and David are provisional winning bidders, they cannot bid, place a waiver, or withdraw in Round 12
- Carl has not increased his deposit; therefore, the bid options for Lot 1 and Lot 2 remain unavailable to him
- * Carl fails to submit an active decision, so he is deemed to have used his last remaining waiver

Round 12 - Results



	Lot 1	Lot 2	Lot 3
Provisional Winning Bidder	David	Anna	Boris
Provisional Winning Bid	€145.861m	€145.861m	€126.0m
Price in Round 13	€153.154m	€153.154m	€132.3m
Additional Information	Carl has used a waiver No bidder has withdrawn No bidder has been excluded		

- David remains the provisional winning bidder on Lot 1, Anna remains the provisional winning bidder on Lot 2, and Boris remains the provisional winning bidder on Lot 3
- As there are no bids in this round, there are no price changes for Round 13

Round 13 - Bids

	Lot 1 @ €153.154m	Lot 2 @ €153.154m	Lot 3 @ €132.3m	Use a Waiver?	Withdraw?
Anna					
Boris					
Carl					*
David					

- As Anna, Boris and David are provisional winning bidders, they cannot bid, place a waiver, or withdraw in Round 13
- Carl has not increased his deposit; therefore, the bid options for Lot 1 and Lot 2 remain unavailable to him
- Carl has no waivers remaining; therefore, the option to use a waiver is not available to him
- * Carl fails to submit an active decision; he is therefore deemed to have withdrawn from the auction

Round 13 (final round) - Results



	Lot 1	Lot 2	Lot 3
Winning Bidder	David	Anna	Boris
Winning Bid	€145.861m	€145.861m	€126.0m
Price in Round 9	N/A	N/A	N/A
Additional Information	No bidder has used a waiver Carl has withdrawn No bidder has been excluded Round 13 was the Final Round		

- As there were no bids or waivers in Round 13, the auction ends:
 - David is the winning bidder on Lot 1 and must pay € 145 861 000
 - Anna is the winning bidder on Lot 2 and must pay € 145 861 000
 - Boris is the winning bidder on Lot 3 and must pay € 126 000 000

Illustrative auction – payments and refunds

- Anna, Boris and David must each pay their balance due (price less deposit*)
 - They can choose to pay in a single lump sum or by annual installment
 - Their first payment is due within 15 days after notification of the Licence
- Carl is refunded his deposit of € 5 000 000*

	Price	Deposit *	Balance due	Payment Options	
				Upfront	Annual**
Anna	€ 145 861 000	€ 5 000 000	€ 140 861 000	€ 140 861 000	€ 7 043 050 + legal interest
Boris	€ 126 000 000	€ 7 500 000	€ 118 500 000	€ 118 500 000	€ 5 925 000 + legal interest
Carl	0	€ 5 000 000	(€ 5 000 000)		
David	€ 145 861 000	€ 12 500 000	€ 133 361 000	€ 133 361 000	€ 6 668 050 + legal interest

* For ease of illustration, we assume a legal interest rate of zero on the deposits held by the BIPT. Any interest accrued on deposits would be taken into account when determining the balance due and any refund amounts

** Amount shown is the full annual fee for a calendar year. For part calendar years, the operator pays proportionally to the number of months remaining until the next calendar year

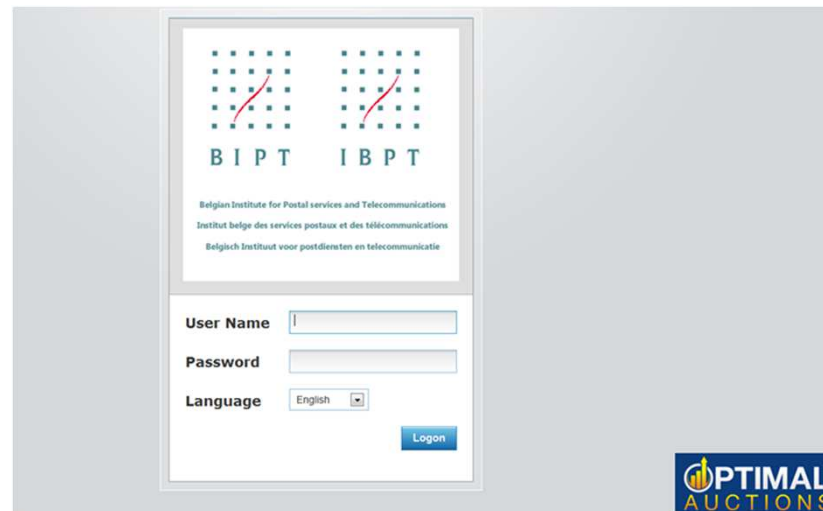


Introduction to the Electronic Auction System

Electronic Auction System - overview

The Electronic Auction System (EAS) is online bidding software requiring:

- A PC-compatible computer running at least Windows 7 or Macintosh 10.7;
- An internet connection; and
- Microsoft Internet Explorer 8.0 (or later), or the most recent version of Mozilla Firefox or Safari



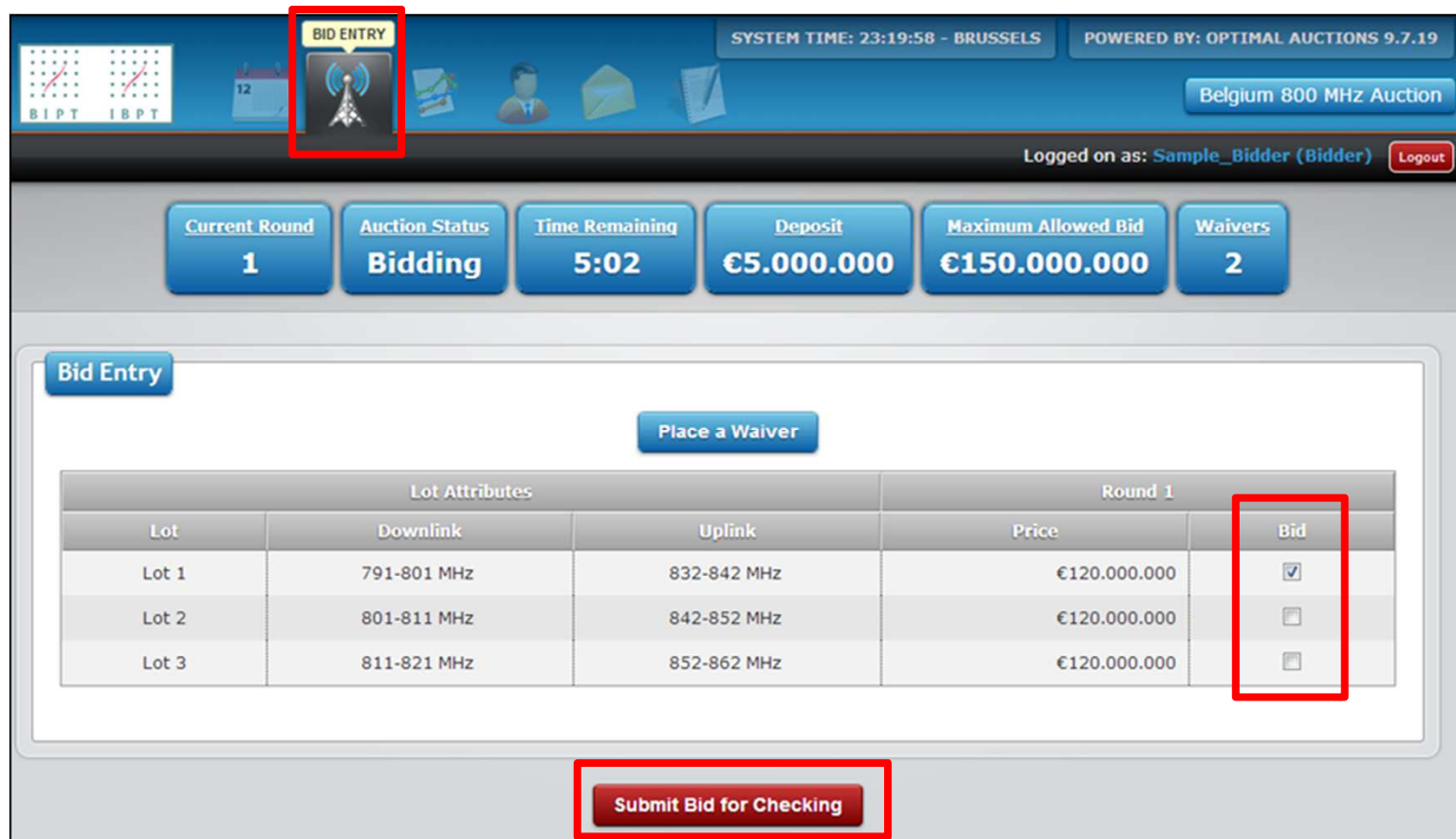
The screenshot shows a login interface for the Electronic Auction System. At the top, there are two logos for BIPT (Belgian Institute for Postal services and Telecommunications) and IBPT (Institut belge des services postaux et des télécommunications). Below the logos, there are three lines of text in different languages: "Belgian Institute for Postal services and Telecommunications", "Institut belge des services postaux et des télécommunications", and "Belgisch Instituut voor postdiensten en telecommunicatie". The main form area contains three input fields: "User Name", "Password", and "Language" (with a dropdown menu set to "English"). A "Logon" button is located at the bottom right of the form. In the bottom right corner of the page, there is a logo for "OPTIMAL AUCTIONS".

Further information about the EAS will be provided in the bidder manual, which will be made available to qualified bidders only

Electronic Auction System – bid submission

Bids are submitted in two steps during the Bidding Phase:

- Step 1 – Bidder selects Bid Entry tab and ticks box next to desired lot, then clicks “Submit Bid for Checking”

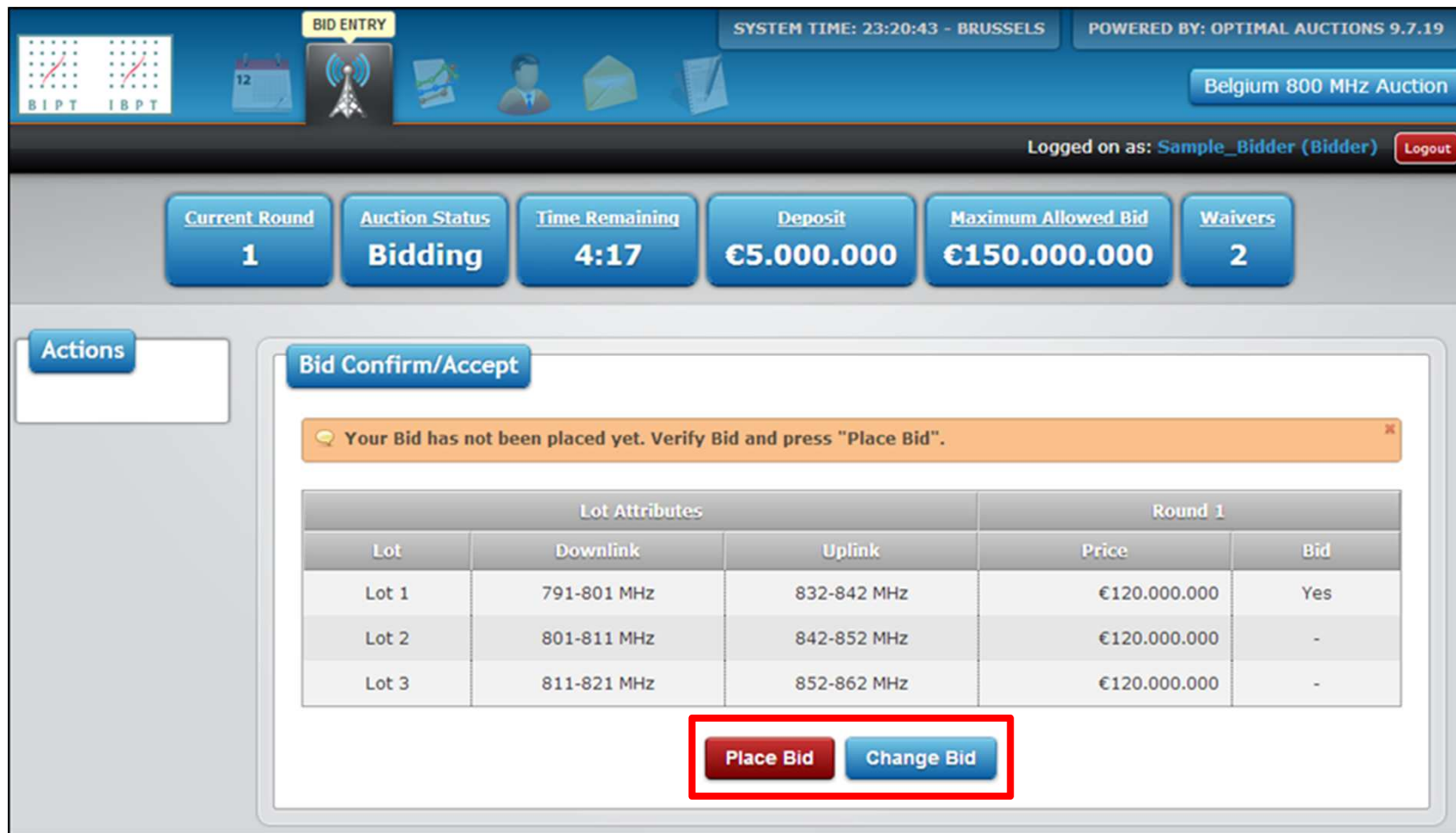


The screenshot displays the 'Bid Entry' interface. At the top, there is a navigation bar with a 'BID ENTRY' tab highlighted in a red box. Below this, a status bar shows 'SYSTEM TIME: 23:19:58 - BRUSSELS' and 'POWERED BY: OPTIMAL AUCTIONS 9.7.19'. The main content area features a 'Belgium 800 MHz Auction' header and a 'Logged on as: Sample_Bidder (Bidder)' status. A row of buttons provides key auction information: 'Current Round 1', 'Auction Status Bidding', 'Time Remaining 5:02', 'Deposit €5.000.000', 'Maximum Allowed Bid €150.000.000', and 'Waivers 2'. Below this, a 'Bid Entry' section contains a 'Place a Waiver' button and a table of lots. The table has columns for 'Lot Attributes' (Lot, Downlink, Uplink) and 'Round 1' (Price, Bid). The 'Bid' column contains checkboxes, with the checkbox for Lot 1 checked and highlighted in a red box. At the bottom, a 'Submit Bid for Checking' button is also highlighted in a red box.

Lot Attributes			Round 1	
Lot	Downlink	Uplink	Price	Bid
Lot 1	791-801 MHz	832-842 MHz	€120.000.000	<input checked="" type="checkbox"/>
Lot 2	801-811 MHz	842-852 MHz	€120.000.000	<input type="checkbox"/>
Lot 3	811-821 MHz	852-862 MHz	€120.000.000	<input type="checkbox"/>

Electronic Auction System – bid submission

- Step 2 – Bidder verifies that lot selected is correct, then clicks “Place Bid” or “Change Bid”
- Bidders electing to change their bid must repeat Step 1

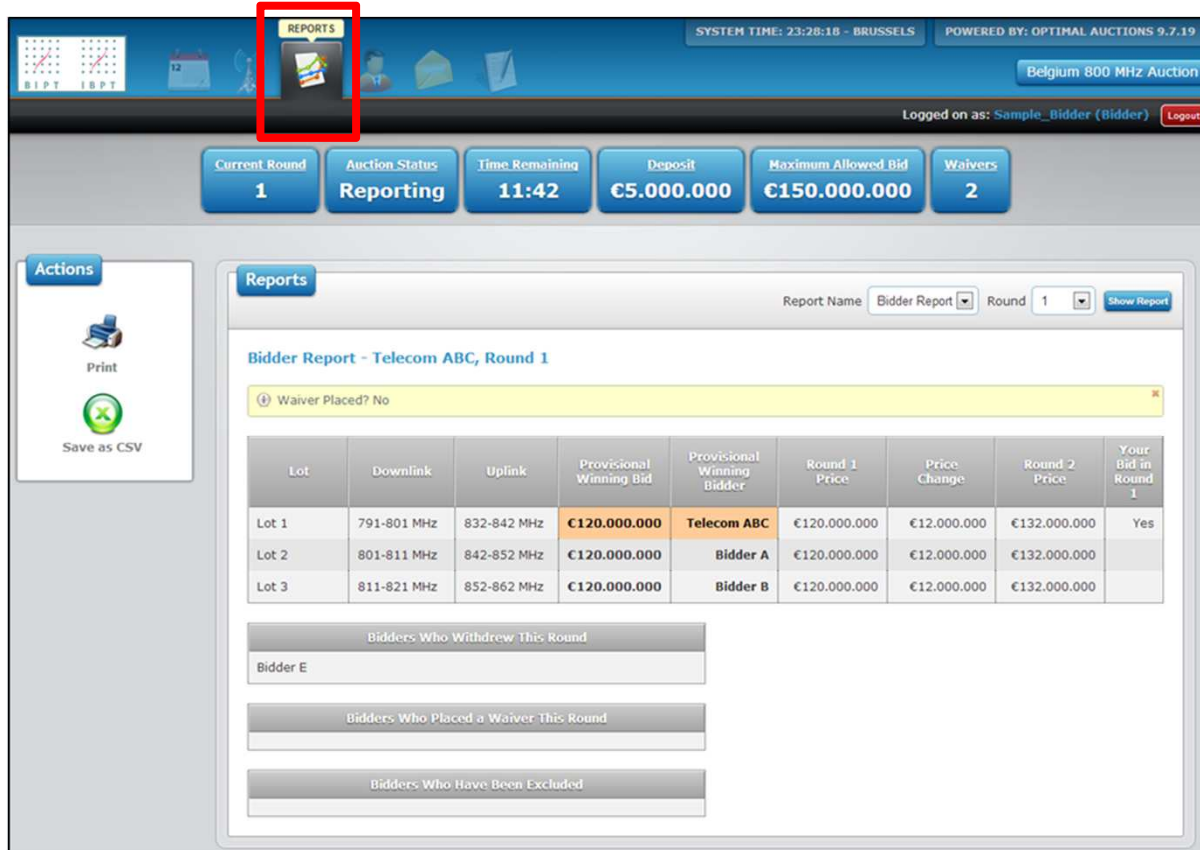


The screenshot displays the 'Bid Confirm/Accept' page of an electronic auction system. At the top, it shows 'SYSTEM TIME: 23:20:43 - BRUSSELS' and 'POWERED BY: OPTIMAL AUCTIONS 9.7.19'. The user is logged in as 'Sample_Bidder (Bidder)'. The interface includes several status buttons: 'Current Round 1', 'Auction Status Bidding', 'Time Remaining 4:17', 'Deposit €5.000.000', 'Maximum Allowed Bid €150.000.000', and 'Waivers 2'. A message box states: 'Your Bid has not been placed yet. Verify Bid and press "Place Bid".' Below this is a table with columns for 'Lot Attributes' and 'Round 1'. The table lists three lots with their respective frequency ranges and prices. At the bottom, two buttons, 'Place Bid' and 'Change Bid', are highlighted with a red box.

Lot Attributes			Round 1	
Lot	Downlink	Uplink	Price	Bid
Lot 1	791-801 MHz	832-842 MHz	€120.000.000	Yes
Lot 2	801-811 MHz	842-852 MHz	€120.000.000	-
Lot 3	811-821 MHz	852-862 MHz	€120.000.000	-

Electronic Auction System – reporting

- After the close of each round, the Auctioneer will determine the round results (“Calculation Phase”); once results are ready for distribution:
 - Bidders will be notified that the auction has entered the “Reporting Phase”
 - A new “Bidder Report” will be made available providing information about what happened in the most recent round
 - Bidders also have access to Bidder Reports from earlier rounds



SYSTEM TIME: 23:28:18 - BRUSSELS POWERED BY: OPTIMAL AUCTIONS 9.7.19
Belgium 800 MHz Auction
Logged on as: Sample_Bidder (Bidder) Logout

Current Round: 1 Auction Status: Reporting Time Remaining: 11:42 Deposit: €5.000.000 Maximum Allowed Bid: €150.000.000 Waivers: 2

Actions: Print Save as CSV

Reports: Report Name: Bidder Report Round: 1 Show Report

Bidder Report - Telecom ABC, Round 1

Waiver Placed? No

Lot	Downlink	Uplink	Provisional Winning Bid	Provisional Winning Bidder	Round 1 Price	Price Change	Round 2 Price	Your Bid in Round 1
Lot 1	791-801 MHz	832-842 MHz	€120.000.000	Telecom ABC	€120.000.000	€12.000.000	€132.000.000	Yes
Lot 2	801-811 MHz	842-852 MHz	€120.000.000	Bidder A	€120.000.000	€12.000.000	€132.000.000	
Lot 3	811-821 MHz	852-862 MHz	€120.000.000	Bidder B	€120.000.000	€12.000.000	€132.000.000	

Bidders Who Withdrew This Round
Bidder E

Bidders Who Placed a Waiver This Round

Bidders Who Have Been Excluded

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Question & Answer Session

Questions and answers



- Please raise your hand if you would like to ask a question
- Please indicate:
 - Your name, position and affiliation
 - What language you will use to ask the question
- You may ask questions in Dutch, English or French (but English is preferred)

**If you prefer to submit your question anonymously, you are recommended to use the process described on the website:
www.auction2013.be**

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Wrap-up

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Economic Consulting



Thank you!

Richard Marsden

Vice President

NERA, New York / London

Tel: +1 212 345 2981

Mob: +1 914 318 5235

richard.marsden@nera.com

Sébastien Depré

Partner

deprevernet, Brussels

Tel: +32 (0) 626 08 10

Mob: +32 (0) 473 55 79 97

sebastien.depre@deprevernet.be

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