

Information Memorandum

2 GHz Spectrum Auction

Nigerian Communications Commission

23 February 2007



© Nigerian Communications Commission

EXECUTIVE SUMMARY

Background

The Nigerian Communications Commission (the Commission) has implemented a number of initiatives and policies since the year 2000 that have stimulated the whole of the telecommunications sector in Nigeria. As a result there has been a significant increase in the provision of liberalised and competitive services leading to major increases in the number of mobile subscriber connections throughout the country. Given its position as one of the most progressive national regulatory authorities in Africa the Commission has decided, in line with International Telecommunication Union (ITU) recommendations for 3G services, to award spectrum in the 2 GHz band to further advance telecommunications developments in Nigeria as well as promoting the launch of new services.

Nigeria is the most populous nation in Africa with a population of over 140 million people. The population has grown at a rate of 2.3% for each year from 2000 to 2005¹. Approximately 60% of the population is under the age of 20². In line with these demographic changes mobile penetration has increased from less than 1% to more than 24% during the same period³.

Given key demographic and economic developments throughout the country, and in particular the subsequent potential scale and potential growth of telecommunications in Nigeria, the next phase of expansion in the telecommunications sector provides a number of major opportunities for telecommunications operators, subscribers and the economy in general.

This Information Memorandum defines the process that the Commission has decided on for the licensing of paired spectrum in the 2 GHz band. It provides information on the Nigerian telecommunications market, details of the spectrum to be made available, the pre-qualification process, the Auction process and indicative timetable.

Spectrum Licence Allocation

Since the year 2000, the Nigerian communications market has seen a major increase in competition driven by the Commission's liberalisation policies. The development of competition has led to increased liberalisation in the market, major growth in the number of connections and improved services for subscribers. Five Licensed Network Operators have been awarded digital mobile communications licences to provide services throughout the country. These awards include the 1800 MHz and 900 MHz licences recently allocated to the Mubadala Development Company of the United Arab Emirates. There are now five licensed national GSM providers, two national carriers and a range of competitive local access and internet service providers.

The licensing of 2 GHz spectrum has been influenced by requests by existing Licensed Network Operators to be provided with additional spectrum to meet expected increased

¹ Source: World Bank (WDI), 2006

² Source: Business Monitor International, 2005

³ Source: Business Monitor International, Nigeria Telecommunications Report, Q4 2006

demands for services and to support the evolution of 3G services in line with international trends. In addition the Commission has undertaken a number of consultations within the industry, with relevant stakeholders and external expert bodies to determine the demand for the spectrum and how licences should be awarded.

Based on the results of these discussions, and through monitoring of developments in international licensing trends, the Commission has decided to adopt a licensing process for the 2 GHz spectrum through an Auction process.

The Spectrum and Reserve Price

The Commission has decided to offer 40 MHz of paired spectrum in the 2 GHz band for commercial allocation on a national basis in Nigeria. Following consultation with industry participants and external advisors, the Commission has decided to allocate this spectrum in four equal blocks of 10 MHz paired spectrum as follows:

- Block A = 1920 – 1930 MHz, paired with 2110 – 2120 MHz
- Block B = 1930 – 1940 MHz, paired with 2120 – 2130 MHz
- Block C = 1940 – 1950 MHz, paired with 2130 – 2140 MHz
- Block D = 1950 – 1960 MHz, paired with 2140 – 2150 MHz

The spectrum is offered by the Commission on a technology neutral basis. However, for roll-out of 3G (IMT-2000) services, the Commission intends to follow the International Telecommunication Union (ITU) recommendation setting aside spectrum in the 2 GHz band for these services.

The Reserve Price for each of the four blocks of 10 MHz paired spectrum has been set at US \$150 million (one hundred and fifty million US Dollars).

On completion of the Auction process the Commission will issue a spectrum licence and, where appropriate, a Unified Access Service Licence.

Prequalification Criteria

The allocation process is open only to Licensed Network Operators in Nigeria. These operators must fulfil the following pre-qualification criteria:

- Applicants must have been awarded a Nigerian network operating licence
- Applicants must be independent (10% ownership interest test as defined in the IM main body) from all other Applicants under this allocation process
- Applicants must transfer an Intention-to-Bid Deposit (IBD) of US \$15 million (fifteen million US Dollars) into a Commission controlled and nominated account. This deposit will bind the Applicant to take up a licence, should it be a Successful Bidder, at the Reserve Price or any higher bid value submitted during the process
- Applicants must fulfil all existing obligations to the Commission including payments of Annual Operational Levy, Spectrum and National Numbering Plan fees.

The Allocation Process

The allocation process will comprise an Auction to be held in Abuja. It is planned that the Auction will take place during the week commencing 2nd April, 2007. The Auction will comprise two phases. The first phase will consist of a Simultaneous Multiple Round Auction to determine the five Approved Bidders willing to commit to the highest prices for

the licence. This will be followed directly by a second phase of a final Sealed Bid Single Round to determine the top four Approved Bidders, to whom the licences will be granted.

Media briefings will be provided at appropriate stages during the process, leading to the public announcement of the final Auction result.

Next steps

The next step for Applicants, in accordance with the full instructions laid out within this Information Memorandum, is to submit a completed application, including appropriate template documentation and confirmation of transfer of the IBD, by 17.00 hours Nigerian Time (NT) on 16th March, 2007.

All documentation relating to the process, including Public Notices already published concerning the process, will be made available through the Commission's website (www.ncc.gov.ng). Additional questions or requests for further information should be submitted by email to: spectrumbauction@ncc.gov.ng.

Any questions relating to this Information Memorandum should be submitted as soon as possible, and in any case before 15.00 hours NT on 9th March, 2007. The Commission expects to publish all responses, where appropriate, by 17.00 hours NT 13th March, 2007 on its website. This will ensure that information can be made available in an equitable fashion to all participants.

The timetable is subject to change. Interested parties are therefore advised to visit the Commission's website on a regular basis to ensure they have the latest information.

The attention of all participants taking part in all or part of this process is drawn to the Important Notice included at the beginning of this document.

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1. IMPORTANT NOTICE

This Information Memorandum has been prepared by the Nigerian Communications Commission (the "Commission") through consultation with its advisors in connection with the proposed allocation of 2 GHz spectrum. This includes current and former employees of PA Consulting Group, D.D. Dodo & Co, Chike Offidile & Co.

This Information Memorandum is for information purposes only. It is made available on the express understanding that the recipient will only use it for the sole purpose of assisting the recipient in deciding whether it wishes to proceed with a further investigation of possible participation in the Auction. The Information Memorandum is not intended to form any part of the basis of any investment decision or other evaluation or any decision to participate in the Auction and should not be considered as a recommendation by the Commission or its advisors to any recipient of the Information Memorandum to participate in the Auction. Each recipient must make its own independent assessment of the potential value of an allocation of 2 GHz spectrum after making such investigation as it may deem necessary in order to determine whether to participate in the Auction. Information in this Information Memorandum may be subject to update, modification and amendment.

The information contained in this Information Memorandum is believed to be accurate. Neither the Commission, its advisers nor any of their respective directors, partners, officers or employees make any representation or warranty (express or implied) nor accept nor will accept any responsibility or liability as to, or in relation to, the accuracy or completeness of the information contained in the Information Memorandum or any other written or oral information made available to any interested party or its advisers. Any liability in respect of any such information or any inaccuracy in the Information Memorandum, or omission from the Information Memorandum, is expressly disclaimed.

The Information Memorandum does not constitute an offer or invitation to participate in the Auction, nor does it constitute the basis of any contract that may be concluded in relation to the Auction or in respect of any allocation of 2 GHz spectrum.

Recipients are not to construe the content of this Information Memorandum or any other communication by or on behalf of the Commission or its advisers, as financial, legal, technical or other advice. Accordingly, each Recipient should consult its own professional advisers as to financial, legal, technical and other matters concerning any potential participation in the Auction or any allocation of 2 GHz spectrum. The Commission does not accept any liability whatsoever consequent upon the issuance of this Information Memorandum and in particular shall not be liable to any Bidder, Applicant or any person whomsoever for any pecuniary loss, consequential or contingent damages including but not limited to loss of goodwill, downtime, revenue etc, consequent upon the publication of and/or reliance of such person on this Information Memorandum or participation in the Auction.

This Information Memorandum is also available through the Commission's website (www.ncc.gov.ng). In the event of any discrepancy between the electronic and printed versions, the printed version is definitive. For the purposes of the above, recipients of the Information Memorandum include those interested parties who download the Information Memorandum from the website.

Important Note

Pursuant to the issue of this Information Memorandum, the Nigerian Communication Commission reserves the right to make available additional relevant information through the publication of further documentation. Where questions appropriate to the licensing process and submitted through the correct channel have been received, the Commission reserves the right to reproduce such questions, in whole or in part, in addition to answers as part of a question and answer section on the official website www.ncc.gov.ng. The Commission is not compelled to publish all questions submitted. The identity of those submitting questions will not be made public without the express consent of the relevant party.

Copies of this and other documents relevant to this licensing process are available and can be downloaded from the Commission's website. Interested parties are encouraged to stay abreast of developments in this licensing process by referring to the Commission's website regularly.

2. INTRODUCTION

2.1 LICENSING OF 2 GHz SPECTRUM

This Information Memorandum defines the process for the licensing of paired spectrum in the 2 GHz band by the Nigerian Communications Commission (the Commission).

The process for the licensing of 2 GHz spectrum is predicated on demands by operators for additional spectrum to enable the provision of 3G services in line with international trends. This is also in furtherance of the objectives of the Federal Government of Nigeria as set out in the National Telecommunications Policy.

As a necessary prelude to the licensing process, the Commission conducted a public inquiry and also held meetings with relevant stakeholders to determine the demand level for the spectrum, the approach to licensing and the potential interest of the consumers amongst other objectives.

Based on the positive outcome of these discussions, the Commission has decided to undertake a licensing process for the spectrum licences to build and operate digital telecommunications networks in this spectrum band in Nigeria. These licences will be allocated through an Auction process.

To qualify to bid in the Auction process, the Commission has stipulated that Bidders will be limited to Licensed Network Operators in Nigeria. Successful Bidders awarded a spectrum licence, who do not currently hold a Unified Access Service Licence (UASL), will also be issued with a Unified Access Service Licence (UASL) at specified fees. The tenure for the spectrum licence and UASL will be 15 years, subject to renewal.

2.2 THE NIGERIAN TELECOMMUNICATIONS MARKET

2.2.1 The Government

The Federal Government, through the Ministry of Information and Communications, sets the general policy guidelines for the sector.

2.2.2 The Regulator

The Nigerian Communications Commission is the independent National Regulatory Authority for the telecommunications industry in Nigeria. It is responsible for developing the telecommunications sector, encouraging competition and ensuring that telecommunications operators provide quality and efficient services throughout the country. The Commission is regarded as one of the most progressive national regulatory authorities in Africa.

2.2.3 The Operators and Service Providers

There are currently four national mobile GSM providers operating in Nigeria; Celtel Nigeria, Glo Mobile, Mtel, and MTN Nigeria. A fifth licence to provide digital mobile communication services has recently been awarded to the Mubadala Development Company of the United Arab Emirates. In addition to two licensed national carriers, there are over twenty service providers offering fixed telephone services, including Fixed Wireless Access (FWA) and CDMA-based fixed and mobile service providers.

2.2.4 Service availability and penetration

The scale and growth of the Nigerian communications sector, since market liberalisation, makes this Auction a unique investment opportunity. Nigeria is the most populous nation in Africa with a population of over 140 million people and has grown at an average rate of approximately 2.3% each year from 2000 to 2005¹. The country has a young demographic index, with 60% of the population under the age of 20².

Growth in the sector has been spectacular with mobile penetration up from less than 1% in 2001 to over 20% in 2006⁴. In addition, over 60% of the country's landmass has been covered by GSM operators. There are at least two GSM operators in all the 36 States of the Federation and the Federal Capital Territory.

There are approximately 34 million GSM service subscribers in the country⁵. The number of GSM subscribers has grown on average at more than 100% per annum over the last four years.

A key factor in this growth has been attributed to the liberalisation and competition policies of the Commission. In addition, growth has been influenced by the introduction of a number of value-added services to the market.

2.3 2 GHz SPECTRUM AVAILABILITY

The spectrum is offered by the Commission on a technology neutral basis. However, for roll-out of 3G (IMT-2000) services, the Commission intends to follow the International Telecommunication Union (ITU) recommendation setting aside spectrum in the 2 GHz band for these services.

The Commission is offering 40 MHz of paired spectrum in the 2 GHz band in four blocks of 10 MHz each through an Auction process.

Further licensing of 2 GHz spectrum is not being considered at this time. However, the allocation and licensing of additional spectrum may be considered in the future.

2.4 THE AUCTION PROCESS

The Commission has determined that an Auction would be a fair and efficient process of allocating the spectrum consistent with previous spectrum allocation processes. All four lots of 10 MHz will be included in the Auction. The Auction will take place in the city of Abuja in the Federal Republic of Nigeria at a location to be specified by the Commission.

The formal licensing process started with the issue of Public Notice No. 1/2007 on the 2nd February 2007 and continues with the release of this Information Memorandum, inviting interested parties to participate. The release of this Information Memorandum will be followed by a defined period for the submission of questions to the Commission relating directly to the licensing process. All new information including the answers to questions raised during the process will be made available through the Commission's website. The identity of questioners will not be revealed.

⁴ Source: Telegeography, 2006

⁵ Source: NCC, February 2007

2. Introduction...

The Commission will implement an "Anglo-Dutch" style of Auction, consisting of two phases. Phase 1 will be run as a Simultaneous Multiple Round (SMR) Auction, while Phase 2 will consist of a final round of sealed Bids. The top four Bids in this second phase will be provisionally awarded the four licences.

The Reserve Price for this Auction is set at US \$150 million (one hundred and fifty million US Dollars) for each licence. Bidding in Phase 1 will start at or above the Reserve Price.

On completion of the Auction, all Successful Bidders will be deemed to have been awarded provisional licences. Successful Bidders will be required to pay the balance of the licence fees due to the Commission within 14 business days from the date of the Award of the Provisional Licence.

2.5 THE PRE-QUALIFICATION PROCESS

The award of licences is only open to Nigerian Licensed Network Operators. Other parties are free to enter into commercial agreements with these providers. Interested parties will be subject to a set of pre-qualification criteria and only parties that meet these criteria will be allowed to take part in the Auction.

Applicants will not be required to submit financial or technical plans in the pre-qualification process. However, details must be provided in accordance with the compliance requirements laid out in Section 6.5.2.

Bidders must not have a relationship with another Bidder. A relationship is defined as where a Bidder owns directly or indirectly an ownership stake of 10% or more in another Bidder.

Applicants will be required to submit information, using the templates provided in this Information Memorandum.

Applicants will be required to pay the sum of US \$15 million (fifteen million US Dollars) as an Intention-to-Bid Deposit. The Intention-to-bid Deposit must be in the designated account of the Commission no later than 17.00 hours Nigerian Time on the 16th of March 2007. A Bank Guarantee, or similar instruments, will not be acceptable.

Interested parties should note that information in this Information Memorandum does not purport to be complete or totally accurate. The IM is provided to highlight a number of issues relating to the licensing process and Applicants are advised to undertake their own due diligence.

2.6 INDICATIVE TIMETABLE

The indicative timetable for key activities in the licensing process is given in Table 1. It is subject to change by the Commission. Any changes will be communicated through the Commission's website (www.ncc.gov.ng).

Table 1: Process timetable

Issue of Information Memorandum	23 February 2007
Information Memorandum question and answer period opens	23 February 2007

Final deadline for submission of questions on the Information Memorandum	15.00 hours (NT), 09 March 2007
Deadline for publication of answers	17.00 hours (NT), 13 March 2007
Pre-qualification deadline & submission of Intention-to-Bid Deposit	17.00 hours (NT) 16 March 2007
Notification of pre-qualification outcome	17.00 hours (NT), 23 March 2007
Mock Auction	09.00 hours (NT) 29 March 2007
Auction commences	09.00 hours (NT), 02 April 2007

2.7 INFORMATION MEMORANDUM STRUCTURE

The remainder of this document is structured as follows:

- Section 3** *The Nigerian Telecommunications market* – information on the development and current state of the Nigerian telecommunications industry and its key players
- Section 4** *The Regulatory Environment* – overview of the Commission’s regulatory remit and selected regulatory frameworks governing the licensing and operation of telecommunications services in Nigeria
- Section 5** *Spectrum offered* – specific description of the paired spectrum blocks on offer and their relationship to the National Frequency Plan, in addition to information on various technical and operational topics
- Section 6** *Auction process* – information on the specific style of the Auction procedure including information on pre-qualification criteria, Auction timing and Auction rules
- Section 7** *Instructions to Applicants* – information and instructions for parties wishing to apply to take part in the process. Instructions relate to template documentation, licence applications forms and deposits
- Section 8** *Contact details and further information* – contact details relating to specific activities within this process and for the submission of questions
- Appendices** Template documentation examples, copies of the applicable licences and an Auction process overview diagram.

3. THE NIGERIAN TELECOMMUNICATIONS MARKET

3.1 INTRODUCTION

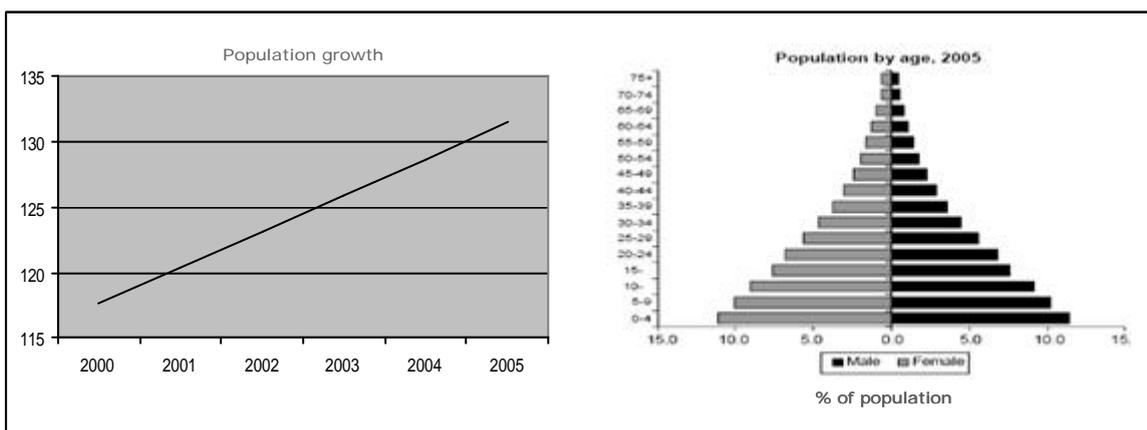
This section summarises selected demographic data for the Nigerian market and historical developments in the Nigerian telecommunications sector. It also provides a high-level overview of current mobile and fixed operators.

3.2 NIGERIAN POPULATION DEMOGRAPHICS

3.2.1 Nigerian population evolution

Nigeria's total population, at approximately 140m according to Nigeria census data released in December 2006, is the largest in the Middle East / Africa region. It has grown, on average, at a rate of approximately 2.3% a year since 2000¹; see Figure 1. In addition, Nigeria has a young population with approximately 60% under the age of 20². This is also illustrated in Figure 1.

Figure 1: Nigerian population evolution (2000-2005), and Nigerian age demographics (2005)

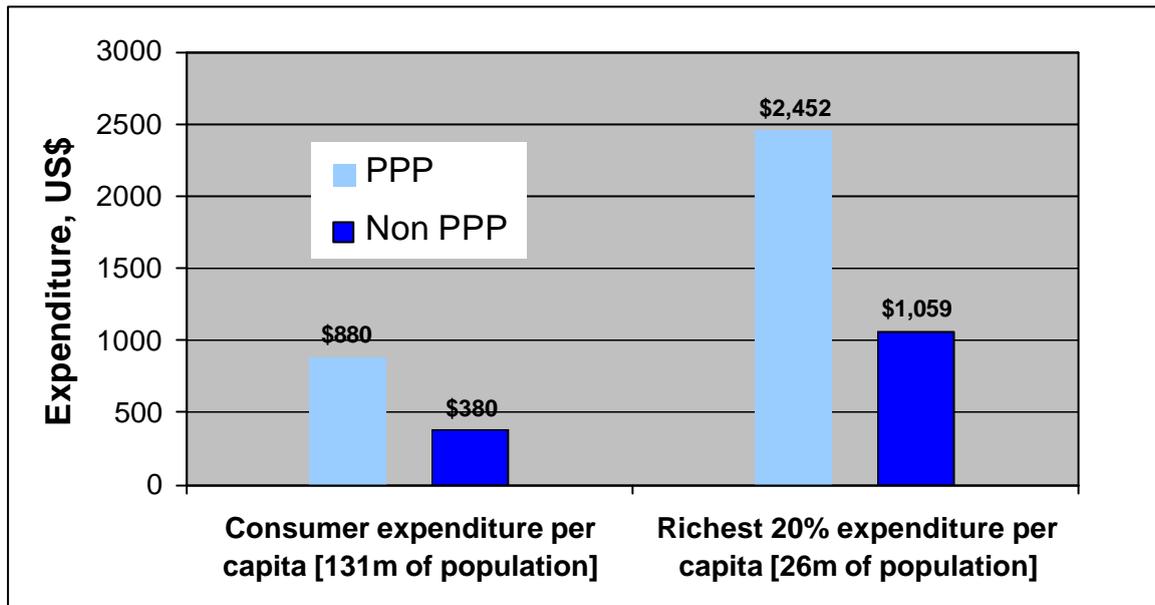


Source: World Bank data (WDI) and Business Monitor International, 2005

3.2.2 Nigerian Consumer Expenditure

Nigerian average consumer expenditure per capita (at Purchasing Power Parity) in 2005 was US \$880. However, for the richest 20% of the Nigerian population the comparable figure was US \$2,452. On a non-PPP basis, the figures were US \$380 and US \$1,059 respectively (see Figure 2).

Figure 2: Nigerian annual consumer expenditure per capita at PPP⁶ and non-PPP, 2005



Source: World Bank data and Business Monitor International, Q4 2006

3.3 DEVELOPMENT OF THE NIGERIAN TELECOMMUNICATIONS MARKET

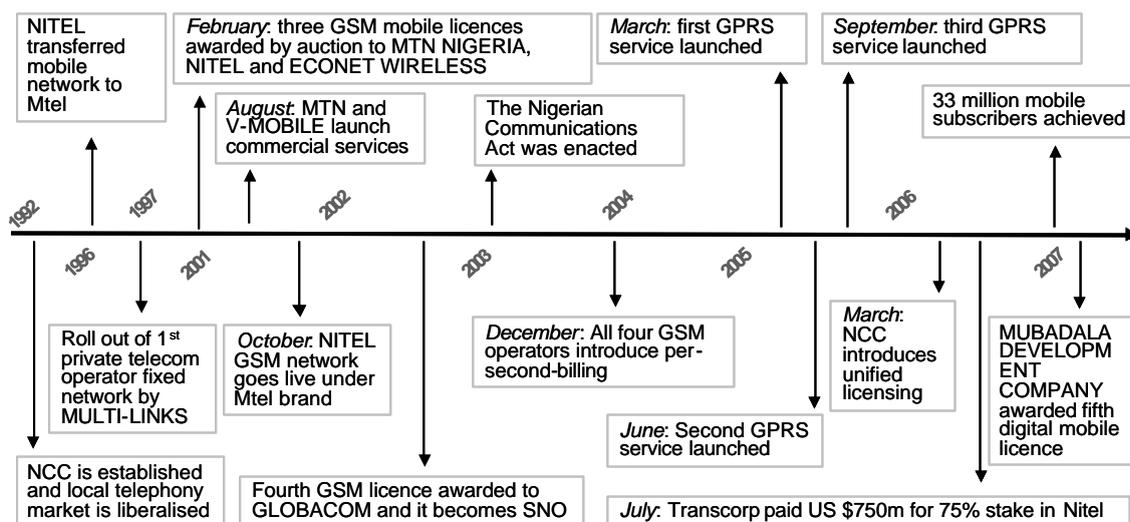
The Nigeria Communications Commission (the Commission) was established in 1992 as the independent National Regulatory Authority for the telecommunications industry in Nigeria. The Commission is responsible for creating an enabling environment for competition among operators in the industry, as well as ensuring the provision of high quality and efficient telecommunications services throughout the country.

The Nigerian telecommunications market was liberalized 15 years ago but has been highly active in the last six years, as illustrated in Figure 3.

⁶ Purchasing Power Parity

3. The Nigerian Telecommunications Market...

Figure 3: Selected developments in the Nigerian mobile market



Source: NCC, PA analysis and Telegeography, February 2007

The deregulation of the telecommunications market was marked by the passing into law of the Nigerian Communications Commission Act of 1992, which allowed private companies to participate and invest in the development of the country's telecommunications infrastructure and services. With the inauguration of the industry Regulator the monopoly of state owned incumbent NITEL came to an end and several private telecommunications operators were licensed in 1996 to compete in the market.

In 2001, the Commission licensed three digital mobile operators through an Auction process that is widely adjudged to have been highly successful and transparent. This followed with the licensing of a second national carrier and the fourth digital mobile operator in 2002.

The Nigerian Communications Act was signed into law in 2003 to strengthen the regulatory framework as well as to enhance the independence of the Regulator.

By the end of 2004, there were over 500 Licensees in Nigeria's telecommunications market, including two national carriers, four digital mobile operators and 24 fixed telephony providers (of which six were FWA operators).

In 2006, Transcorp acquired 75% of the equity of NITEL at an agreed fee of US \$750 million (seven hundred and fifty million US Dollars). In the same year, the Commission introduced the Unified Access Service Licences (UASL) regime, to enable operators take advantage of convergence in services and technology in order to offer better services.

In January 2007, the Commission awarded a further UASL and spectrum licence to the Mubadala Development Company of the United Arab Emirates. This brought the number of parties with national mobile licences to five.

3.4 THE MOBILE MARKET

3.4.1 Market growth

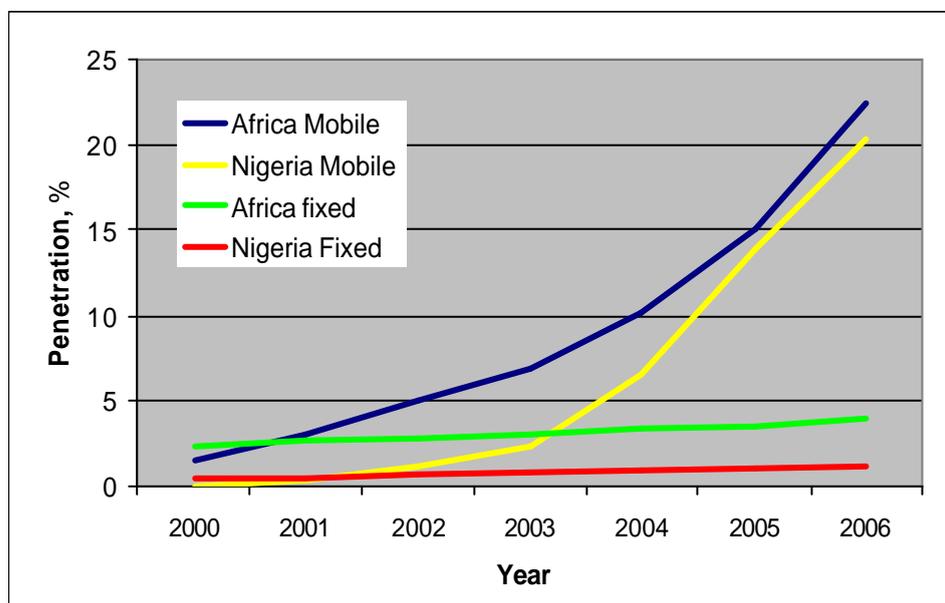
The Nigerian mobile market has experienced significant growth in recent years. By January 2007 the market had increased to about 34 million subscribers. Key factors in this growth include:

- Mobile penetration has grown from less than 1% in 2001 to more than 24% in January 2007³
- Mobile take-up has been driven by liberalisation and competition based on the four established GSM operators
- Nigeria is a large and growing nation, with relatively modest mobile penetration given the population size and growth trend
- Nigeria has low levels of PC penetration, Internet take-up and broadband adoption – though there are signs of growth in all of these areas
- Compared to the Middle East / Africa regional average, Nigeria's mobile penetration rate is relatively low⁷.

3.4.2 Mobile Penetration

Mobile penetration in Nigeria compares well with developments in other African regions as illustrated in the figures below:

Figure 4: Nigerian fixed and mobile penetration in reference to Africa region, (2000-2006)

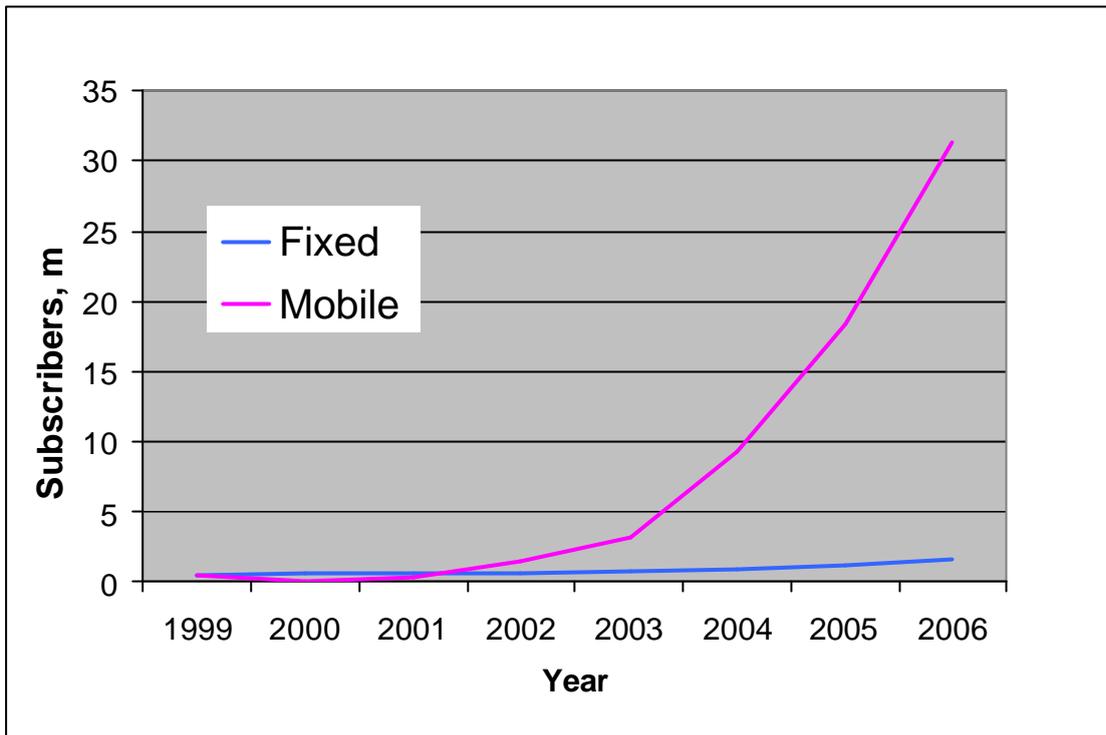


Source: Telegeography, 2006

⁷ Source: Business Monitor International, Nigeria Telecommunications Report, Q4 2006

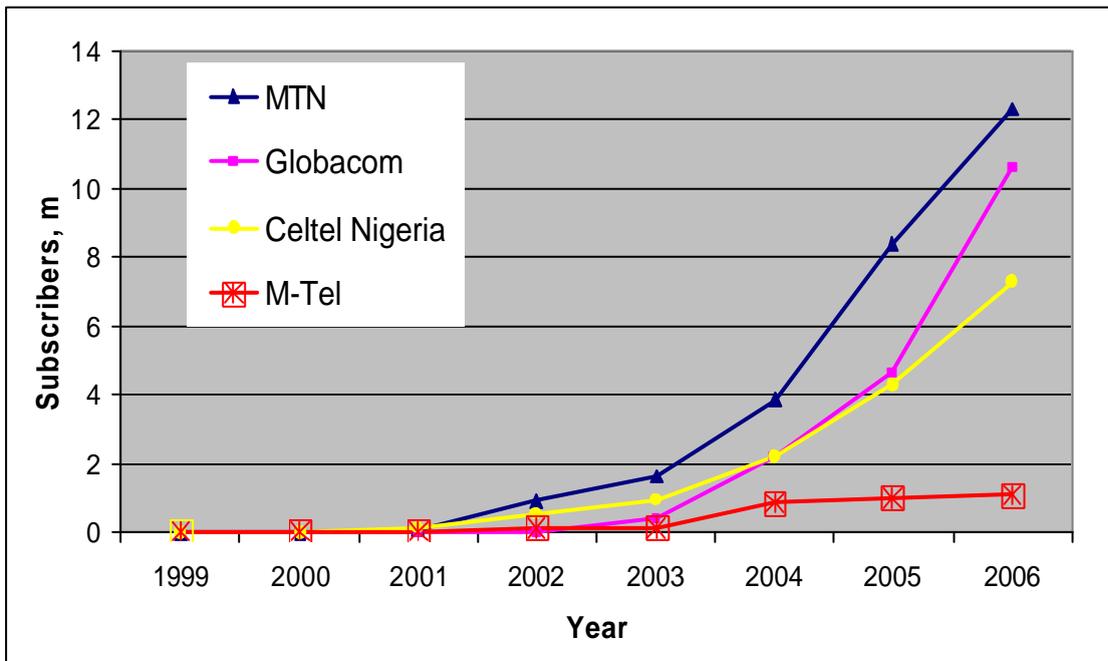
3. The Nigerian Telecommunications Market...

Figure 5: Nigerian fixed-line and mobile subscriber numbers, (1999-2006)



Source: NCC data, February 2007

Figure 6: Nigerian GSM mobile subscribers by operator (1999-2006)

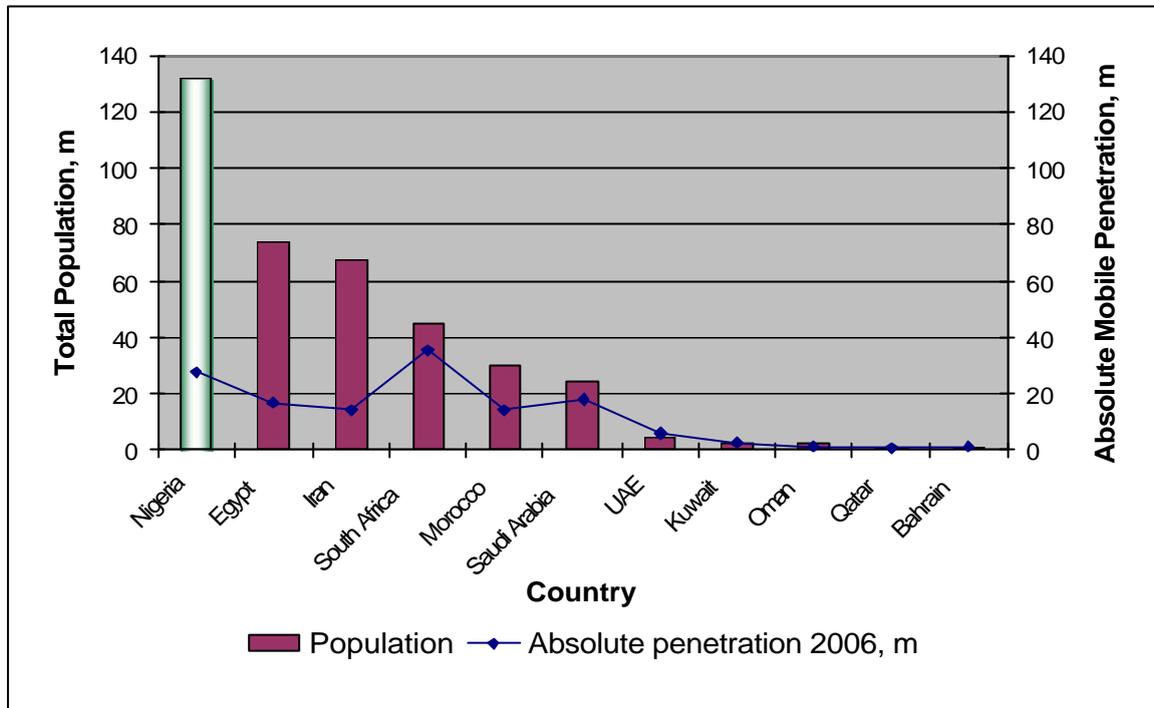


Source: NCC data, February 2007

3. The Nigerian Telecommunications Market...

Nigeria's current mobile penetration of 24% is low against selected regional benchmarks, as shown in Figure 7.

Figure 7: Nigerian population and mobile penetration against selected Middle East / Africa benchmarks, 2006



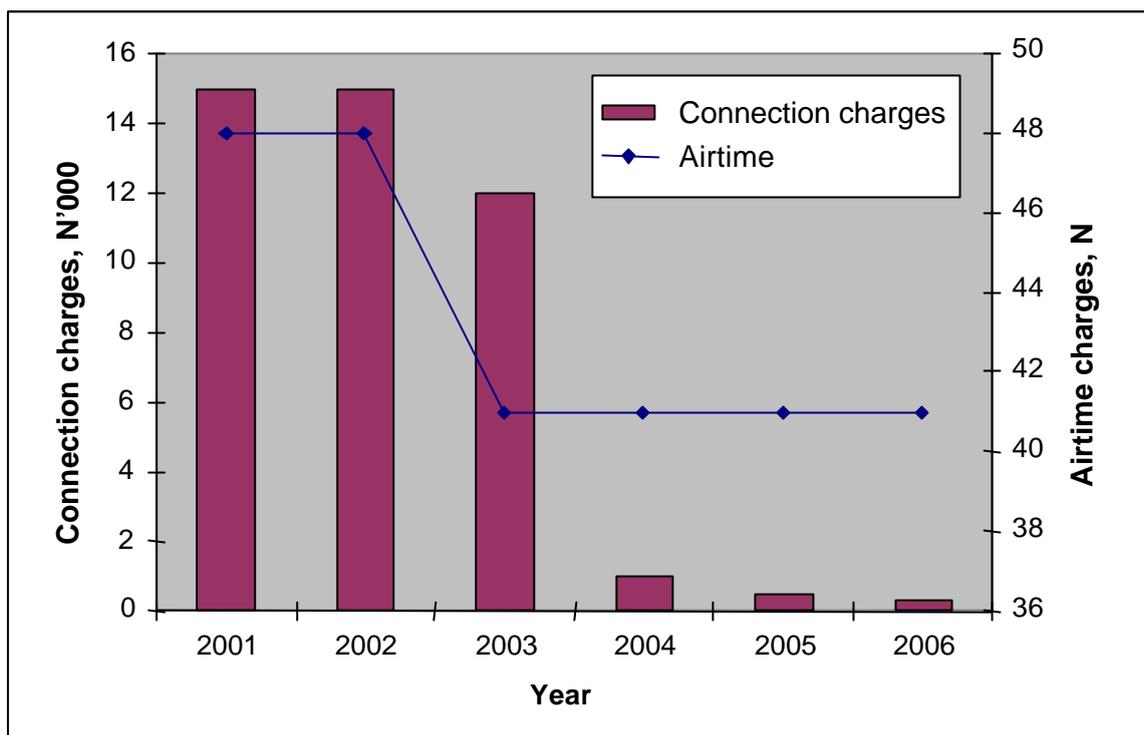
Source: Business Monitor International Nigeria Telecommunications Report, Q4 2006

3.5 TRENDS IN PRICING AND SERVICES

3.5.1 Connection and airtime changes

Competition in the Nigerian telecommunications market has promoted affordability and led to increased take-up of mobile services. Figure 8 illustrates the trend in consumer mobile connection and airtime charges over recent years.

Figure 8: Trends in Nigerian mobile connection and airtime charges (2001–2006)



Source: NCC, February 2007

3.5.2 Value added services

Although not necessarily provided by all operators, a number of value-added services are available in the Nigerian market, including the following:

- SMS
- GPRS
- Voicemail
- Call forwarding
- Roaming
- WAP
- Call waiting
- MMS

3.6 PROFILE OF MAJOR NETWORK OPERATORS

3.6.1 Network and service providers

Since the liberalisation of the Nigerian Telecommunications Market in 2000, there has been considerable growth in the number of active network operators and service providers, as illustrated in Table 1 and Table 3⁸:

Table 2: Number of network operators and service providers in Nigeria

S/N	Service category	1999	2000	2001	2002	2003	2004	2005	2006	2007
1	National Carrier	1	1	1	2	2	2	2	2	2
2	Mobile (GSM) Telephony	1	1	3	3	4	4	4	4	5
3	Fixed Telephony	9	16	16	17	20	22	23	23	24
4	Internet Service Providers	18	30	30	35	35	36	70	90	90

Source: NCC data, February 2007

⁸ Source: NCC, February 2007

Table 3: Mobile and CDMA Network Operators in Nigeria

S/N	Company	Year of Licence	Technoloy Deployed	Coverage Areas
1	Celtel	2001	GSM	Nationwide
2	Glomobile	2002	GSM	Nationwide
3	M-Tel	2001*	ETAC/GSM	Nationwide
4	MTN	2001	GSM	Nationwide
5	Mubadalla**	2007	N/A	N/A
6	Intercellular	1996	CDMA	FCT, Lagos, Rivers, Kano and Kaduna States
7	Starcomms	1997	CDMA	Lagos, Kano, Borno, Oyo,
8	Multi-Links	1996	CDMA	FCT, Lagos, Ogun, Oyo & Kwara States
9	Reltel	1999	CDMA	FCT, Lagos, Rivers, Abia, Anambra States
10	Bourdex	1997	CDMA	South East & South-Southh States
11	Cellcom	1997	CDMA	FCT, Lagos & Anambra States
12	Prestel	1996	CDMA	Edo & Delta States
13	MTS First Wireless	2001	CDMA	FCT, Lagos & Oyo States
14	NITEL	2002***	Cable/CDMA	Nationwide

* Commenced with analogue in 1996

** Yet to commence operation

*** Incumbent operator

Source: NCC data, February 2007

3.6.2 Fixed Wireless Access Operators

On 1st July 2002, the Commission awarded licences to 19 companies to roll out Fixed Wireless Access (FWA) s services on a regional basis. The first FWA service was implemented in 2003 and currently there are 22 licensed FWA operators. Included among these 22 licensees are the nine operators offering fixed and mobile services using CDMA technology mentioned above.

FWA operators typically offer a portfolio of communications services, including fixed line, fixed wireless and mobile. Services are available in most urban locations and coverage of suburban locations continues to grow.

3.7 PC PENETRATION AND INTERNET TAKE-UP

Nigeria currently has relatively modest levels of Internet take-up, PC penetration and Broadband adoption. However, the trend of Internet use in Nigeria shows an increase with the overall number of users rising from 1.4% of population in 2004 to 2.6% in 2005⁹. PC ownership in Nigeria was estimated at 0.7%¹⁰ of the population in 2005.

There are currently more than 90 Internet Service Providers (ISP) active in Nigeria.

⁹ Business Monitor International Nigeria Telecommunications Report Q4 2006

¹⁰ The Economist World in Figures 2006 Edition

4. THE REGULATORY ENVIRONMENT

4.1 INTRODUCTION

This section summarises selected aspects of the regulatory environment governing telecommunications in Nigeria. It also highlights some regulatory policies relevant to interested parties. It is advised that interested parties conduct their own review of all relevant Nigerian legislation and regulations.

This section also includes information on Auction reserve pricing and highlights a number of conditions of the applicable licences.

4.2 REGULATORY ENVIRONMENT

4.2.1 The Nigerian Communications Commission

The Nigerian Communications Commission (the Commission) is the independent National Regulatory Authority for the telecommunications industry in Nigeria. The Commission is responsible for creating an enabling environment for competition among operators in the industry. It is also responsible for ensuring the provision of quality and efficient telecommunications services throughout the country as laid out in the Nigerian National Telecommunications Policy September 2000 and the Nigerian Communications Act 2003.

Over the years, the Commission has earned a reputation as one of the foremost telecommunications regulatory agencies in Africa. The Commission aims to exploit information and communications technology to drive and assist different aspects of national development. The Commission has initiated several programs such as Digital Appreciation Program (DAP), State Accelerated Broadband Initiative (SABI) and Wire Nigeria Program (WiN) to help stimulate demand and accelerate the uptake of communications technologies and services necessary for the establishment of a knowledge society in Nigeria.

To fulfill its mandate, the Commission has at its disposal the necessary licensing and regulatory powers to manage and administer frequency spectrum for the telecommunications sector. Within the terms of this mandate, the Commission has the sole and exclusive power to manage and administer the frequency spectrum for the telecommunications sector and in that regard grant licences for and regulate the use of the frequency spectrum¹¹.

4.2.2 The regulatory landscape

The Commission operates under the terms of the regulatory framework set out in the Nigerian Wireless Telegraphy Act of 1990, hereafter referred to as 'WTA', and the Nigerian Communications Act of 2003, hereafter referred to as 'the Act'.

Copies of the Nigerian Communications Act 2003 (the Act) are available through the Commission's website (www.ncc.gov.ng).

¹¹ Source: Nigerian Communications Act 2003, Section 121

4. The Regulatory Environment...

The Commission has also published documentation detailing various additional aspects of regulation and operational guidelines. Documents directly applicable to this licensing process include those listed below. Copies of these documents are also available through the Commission's website.

- Telecommunications Networks Interconnection Regulations
- Competition Practices Regulations 2006
- Quality of Service Regulations 2006
- Final draft of Universal Access and Universal Service Regulations
- Final draft of Consumer Protection Regulations
- Final Licensing Framework for Unified Access Service in Nigeria
- Guidelines on Collocation and Infrastructure Sharing
- Guidelines on International Access and Voice over Internet Protocol
- Guidelines for the Disconnection of Telecommunications Operators
- Guidelines for the deployment of Wi-Fi
- Frequency Spectrum Fees and Pricing Regulations
- Dispute Resolution Guidelines
- Nigerian Communications (Enforcement Processes etc) Regulations 2005
- Dispute Resolution Guidelines
- Draft guidelines on the technical aspects of interconnection
- Interconnection Rate Determination, 2003 and 2006.

Bidders should conduct their own review of all legislation and regulation pertinent to the Nigerian market.

4.3 APPLICABLE LICENCES

A pre-qualification feature of this licensing process is that Bidders must be Licensed Network Operators in Nigeria. Parties qualifying to take part in the Auction process are those holding one or more of the following classifications of licence:

- Unified Access Service Licence (UASL)
- Digital Mobile Licence (DML)
- Fixed Wireless Access (FWA)
- Long Distance Operator Licence
- National Carrier Licence
- Private Networks Links Licence.

Each Successful Bidder at the Auction will be issued with a spectrum licence. This licence will authorise the licensee to make use of the designated part of the electromagnetic spectrum for the purpose of operating a national network for the provision of public

4. The Regulatory Environment...

telecommunications services. A copy of the terms of this new licence is included in Appendix E of this Information Memorandum.

Successful Bidders will not automatically be offered further operating licences. Instead, the following arrangements will apply:

- Parties, other than National Carriers, that are successful at the Auction and do not currently hold a UASL will be required to pay the sum of US \$3 million (three million US Dollars) to obtain a UASL
- Parties successful at Auction that currently hold a UASL will have the option of extending the tenure of that licence to match the tenure of the spectrum licence for a fee of US \$1 million (one million US Dollars).

4.4 INTERCONNECTION

Under provision of the Nigerian Communications Act, as applicable to existing operators as well as prospective licensees, the Act makes reference to interconnection in Sections 96 and 97 (1) & (2) as follows:

Section 96. *If a network services or facilities provider receives a request for interconnection from another licensee, then the service or facilities provider shall have an obligation to interconnect its communication system with the other licensee's network at technically feasible locations, in accordance with the principles specified in Section 97 of this Act and pursuant to terms and conditions negotiated between the parties in good faith.*

Section 97.—(1) *All interconnection agreements between licensees shall be in writing and shall comply with:*

- (a) *this Act, the regulations and guidelines published from time to time by the Commission pursuant to this Act; and*
- (b) *the principles of neutrality, transparency, non-discrimination, fair competition, universal coverage, access to information, equality of access and equal terms and conditions.*

(2) *The terms and conditions of interconnection agreements shall primarily be agreed upon between parties thereto and the Commission may intervene and make binding rulings at its instance or at the instance of either or both parties to the agreement:*

- (a) *if the Commission determines that the agreement or any provision thereof is inconsistent with the provisions of this Act or its subsidiary legislation; or*
- (b) *in the event of a failure of consensus between the parties on specific issues or a delay in reaching such consensus; or*
- (c) *if the Commission considers it in the public interest for it to so intervene at its own instance and without any invitation from either or both parties to the agreement.*

Where an operator has existing interconnection agreements in place under the terms of the Act that are directly applicable to the new licensing, subject to Commission review, these may be deemed sufficient to meet additional interconnection requirements.

4. The Regulatory Environment...

Where licensees and/or operators fail to agree on the right to interconnect or on the terms of interconnection, the parties are authorised to seek dispute resolution through a process of arbitration. The Commission is further authorised to set out the principles that shall apply, where one party is adjudged by the Commission to be acting unreasonably or contrary to the terms of the applicable licenses. These principles include but are not limited to the charges payable between licensees, or between licensees and the carrier or other operators for the following:

- Interconnection of facilities to networks of another party
- Interconnection and carriage of communications across networks of another party
- The supply of facilities and services for the purpose of interconnection and carriage
- All other matters relating to interconnection and carriage of communications more generally.

Additional terms under the Act apply and Bidders are advised to review the terms and other Commission publications in full.

4.5 ANTI-COMPETITIVE BEHAVIOUR

To fulfil its mandate to encourage competition under Sections 4 and 90 of the Act, the Commission has the authority to impose sanctions on any licensee deemed to be engaging in anti-competitive activities.

Activities deemed to be anti-competitive include, but are not limited to, the following:

- Collusion – agreement between licensees to fix the prices of access to services, supplies or equipment
- Exclusivity – entering into arrangements that unduly preclude or boycott competitors from similar access to services, supplies or equipment
- Cartel behaviour – agreement between licensees to divide the available market between them in order to exclude further parties
- Cross-subsidy – improper subsidy of the business under licence from another source. In circumstances where the licensee is under specific obligation to provide communications services to an area of insufficient prospective demand, the licensee may enter into special negotiation with the Commission
- Further unfair and undue preference.

4.6 NUMBER ALLOCATION

The Licensee will be free to apply for a number range as required. The Commission will assign such numbers as are available and required by the licensees for the provision of services within the scope of the National Numbering Plan. Numbers shall be assigned by the Commission subject to the payment of prevailing fees.

4.7 NUMBER PORTABILITY

The Commission does not currently require numbers to be portable from one licensee to another. The Commission, however, intends to introduce number portability in the future, subject to market review.

4.8 OVERVIEW OF LICENSING TERMS

4.8.1 Number of licences to be awarded

Four blocks in the 2 GHz spectrum band will be made available at Auction. The four winners of those spectrum blocks will be licensed. The spectrum blocks to be auctioned are as follows:

- Block A = 1920 – 1930 MHz, paired with 2110 – 2120 MHz
- Block B = 1930 – 1940 MHz, paired with 2120 – 2130 MHz
- Block C = 1940 – 1950 MHz, paired with 2130 – 2140 MHz
- Block D = 1950 – 1960 MHz, paired with 2140 – 2150 MHz.

The nature of spectrum blocks is described in greater detail in Section 5 of this document.

4.8.2 Reserve price, licence fees and payment arrangements

The fee for the spectrum licences will be determined at Auction. The Reserve Price for each of the four paired 10 MHz spectrum blocks is US \$150 million (one hundred and fifty million US Dollars). The spectrum licence fee is not subject to Value Added Tax (VAT). In addition, no VAT will be applicable to UASL fees.

Parties successful at Auction will be expected to pay a sum equal to the amount of their winning bid minus the IBD and any accrued interest due, as well as additional administrative fees for further licences or licence extensions as detailed in Table 4:

Table 4: Payment of additional licence fees

Operator type	UASL application fee (US\$3m)	UASL extension fee (US\$1m)
National Carrier	No	No
Existing UASL holder	No	Yes
New UASL Applicant	Yes	No

At Auction Closure, the Successful Bidders will automatically be deemed to have been awarded provisional licences. The balance of all Auction and licence fees shall be paid to the Commission within 14 business days from the date of award of the provisional licences.

4.8.3 Annual Operating Levy

The conditions of the licence require an annual operating levy to be paid to the Commission. This levy is set at 2.5% of the licensee's audited net revenues. This levy shall be paid within three months of the end of the first year of the licence and thereafter quarterly on the licensee's assessed net revenues and within thirty calendar days of the end of each quarter. The sum paid shall be adjusted immediately on receipt of the audited, annual financial statements of the licensee.

4.8.4 Summary of Licence Terms

A copy of the full terms of the UASL is referenced in Appendix D as well as through the Commission's website. A copy of the full terms of the spectrum licence is referenced in Appendix E.

Highlights of the UASL and the spectrum licence are set out below.

COMMENCEMENT DATE AND DURATION OF LICENCE

The spectrum licence shall commence upon full payment of the licence fee. The tenure of the licence shall be 15 years.

LICENCE ASSIGNMENT

The licence authorises the licensee with regard to radio equipment operating within the frequency ranges specified for that licence and paired spectrum block.

The licence shall not be assigned, or reassigned, except with the prior and express authorisation of the Commission.

ACCESS AND INSPECTION

The licensee shall permit members of the Commission, or persons authorised by the Commission, to gain access to radio and associated equipment at any reasonable times, or when in the opinion of those persons an urgent situation has arisen, for the purpose of inspection and in order to ensure that equipment is being used in full compliance with the full terms and conditions of the licence.

ROAMING

The licensee shall be encouraged to enter into such roaming agreements with other existing operators and any new operators as may be required in order to offer ubiquitous and seamless communications services across the country. Where this does not take place on a commercial basis, the Commission has the right to intervene to mandate roaming.

The terms of such agreements will be subject to prior approval by the Commission as well as subject to existing regulations governing interconnection and anti-competitive behaviour.

Licensees must also provide international roaming services on request.

COMMERCIAL LAUNCH DATE

The launch of commercial services shall be no later than 12 months after commencement of the Licence Award.

ROLL OUT, COVERAGE AND SERVICE OBLIGATIONS

The Commission requires all radio and associated equipment to comply with the requirements set out by the Commission and the Federal Government of Nigeria.

4. The Regulatory Environment...

No specific roll-out or other 'use it or lose it' obligations are associated with the licence. However, the Commission reserves the right to review the usage of the spectrum after 24 months and will, if necessary, impose roll out obligations which must be complied with within a specified period.

TARIFFS

The Commission requires initial tariff and tariff changes to be submitted for approval. Tariffs must be submitted in a format approved by the Commission no later than one calendar month before the launch of commercial services or the publication of details thereof. The Commission will advise of approval or otherwise in writing within 45 days.

For the avoidance of doubt, it is not the intention of the Commission to regulate retail tariff levels. However, the Commission has consistently adopted a price cap policy since 2002.

SITE / NETWORK SHARING

The sharing of network, transmission and associated infrastructure and facilities with other licensed parties is subject to the provisions of the Commission's Collocation / Infrastructure Sharing Guidelines. These are available through the Commission's website and are subject to update from time to time.

Key features of the Commission's approach to network sharing are as follows:

- The sharing of infrastructure and facilities with other similarly licensed parties, and the terms and conditions thereof, shall be subject to the prior approval of the Commission
- The Commission encourages infrastructure sharing where this can be carried out without an attendant risk of lessening competition. Appropriate infrastructure for sharing may include: ducts, optical fibre, trenches, building space, towers and electric power
- The Commission will not encourage the sharing of infrastructure when this has an attendant risk of the lessening of competition.

Further regulation appropriate to, inter alia, site clearance, site maintenance and equipment height shall be deemed to apply to both the registered site owner and / or site tenant and the subcontracting party.

For the avoidance of doubt, national roaming arrangements shall not be negotiated between operators as part of infrastructure sharing agreements.

FURTHER OPERATIONAL AND TECHNICAL REQUIREMENTS

The licence will set out further conditions for licensees in respect of operational and technical requirements including the following, inter alia:

- Site clearance
- Technical equipment specifications
- Co-location of equipment
- Amendment to the terms of the licence
- Record-keeping, financial and otherwise.

5. SPECTRUM OFFERED

5.1 INTRODUCTION

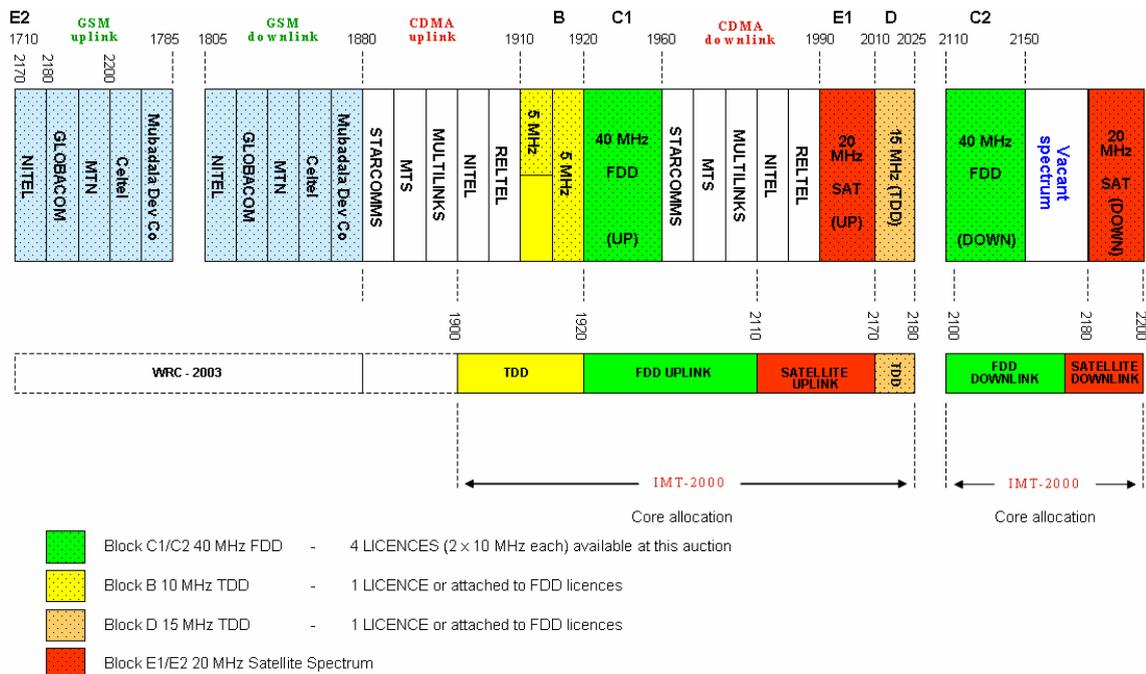
The following section outlines the packaging of the 2 GHz spectrum being made available at Auction and addresses a number of related issues such as interference, cross-border co-ordination, band clearance and guard bands.

5.2 SPECTRUM PACKAGING

The use of radio spectrum is planned both at National and International levels in order to co-ordinate the use of particular frequency bands for different uses.

The Commission's current frequency allocation map is shown in Figure 9.

Figure 9: Nigerian Communications Commission frequency allocation map



Source: NCC data, February 2007

5.2.1 2 GHz spectrum packaging

The Commission has identified available spectrum within the 2 GHz band for Auction. Following consultation with industry members and external advisors the Commission has decided to offer this spectrum in four blocks. The blocks are of paired spectrum with a 90 MHz duplex spacing as follows:

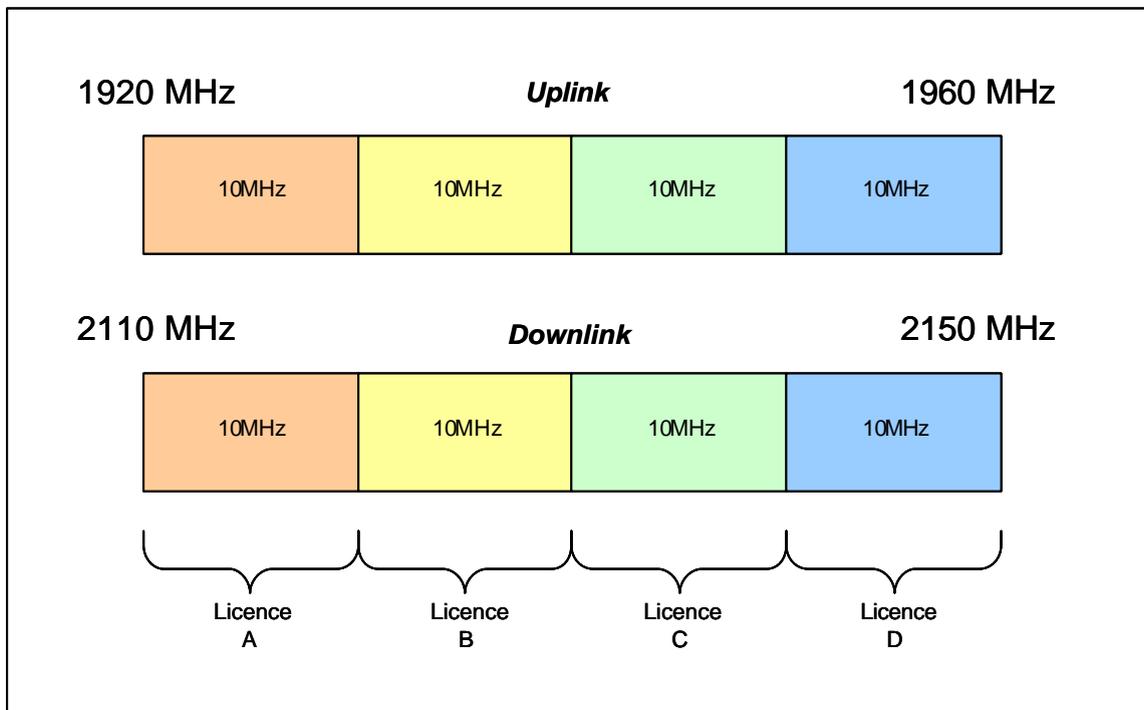
- Block A = 1920 – 1930 MHz, paired with 2110 – 2120 MHz
- Block B = 1930 – 1940 MHz, paired with 2120 – 2130 MHz
- Block C = 1940 – 1950 MHz, paired with 2130 – 2140 MHz

5. Spectrum Offered...

- Block D = 1950 – 1960 MHz, paired with 2140 – 2150 MHz.

This is shown schematically in Figure 10.

Figure 10: Frequency allocations for spectrum blocks A, B, C and D



As part of the consultation process to determine which spectrum lots should be made available, the Commission considered a range of factors, including the following:

- *Competition.* The Commission believes that competition is essential to ensure service quality and value within Nigeria
- *Demand.* Communication markets in Nigeria are expanding rapidly. It is the Commission's aim to license all available spectrum within the ranges identified
- *Affordability.* The Commission seeks to ensure that spectrum is used efficiently. Awarding spectrum by Auction ensures that parties placing most commercial value on the spectrum are licensed
- *Equipment availability.* The Commission takes into account the recommendations of the International Telecommunications Union (ITU). Agreement on these recommendations ensures the availability of equipment to operate communications services in the 2 GHz spectrum bands.

5.3 SPECTRUM CO-ORDINATION

Licensees will be required to co-ordinate spectrum use and the avoidance of interference with operators and other parties making use of adjacent frequencies. The Commission will resolve any disputes where parties are unable to reach agreement on co-ordinating spectrum use.

5.4 INTERFERENCE

The UASL states that any equipment installed, maintained and used by the Licensee shall, throughout the tenure of the Licence, conform to such specifications and standards and ITU recommendations as prescribed by the Commission. The Commission will define spectral masks for each technology. Spectral masks shall be taken from the appropriate standards documents. The Commission shall also define a “default” mask that shall be used for technologies not covered by technology-specific masks.

Bidders must perform their own analysis of potential interference scenarios. Where equipment is co-located, or located close to other equipment, the Licensee should enter into its own negotiations with third parties.

5.5 CROSS BORDER CO-ORDINATION

The terms of the Nigerian Communications Act state that the Commission may vary the technical parameters of licences subject to on-going co-ordination activities with neighbouring countries. The variance of such parameters will usually take the form of a Memorandum of Understanding (MoU) with foreign regulators and further parties. Such an MoU would seek to place restrictions on the native operator’s signal strength permissible at the neighbouring country’s borders. The Commission expects to strike such agreements with neighbouring countries to implement reciprocal restrictions on native operators. Nigerian licensees will be required to comply with the terms of those agreements.

The licence includes a requirement for operators to comply with the conditions of future MoUs.

5.6 BAND CLEARANCE

The Commission has undertaken to ensure that the spectrum being offered for Auction is available and clear of other users; mobile, fixed or other. The Commission will continue to enforce policy and thereby ensure that all licensed operators neither cause, nor are affected by, interference to / from other spectrum users.

In line with its Commercial Frequency Management policy, the Commission reaffirms its intention to systematically phase out ageing or obsolete technologies to free up spectrum and make it available for allocation to emerging technologies and new services.

In such instances, the Commission will issue information through the National Frequency Plan and enter into appropriate consultation and negotiation with the market to determine spectrum close-down dates.

5.7 SPECTRUM ALLOCATION FOR NETWORK BACKHAUL

This Auction is for 2 GHz spectrum. Auction winners will be issued the licences to use the appropriate spectrum. The terms of these licences authorise the use of specified spectrum for the provision of telecommunications services. Access to additional spectrum for the purposes of, inter alia, transmission and backhaul falls under the terms of a separate licensing process.

The process and conditions for such additional licensing are published and available from the Commission’s website.

6. LICENSING PROCESS

6.1 INTRODUCTION

This section outlines the end-to-end licensing process from initial notification of the spectrum allocation process, including the Auction process to determine Successful Bidders and the granting of appropriate licences.

This section provides:

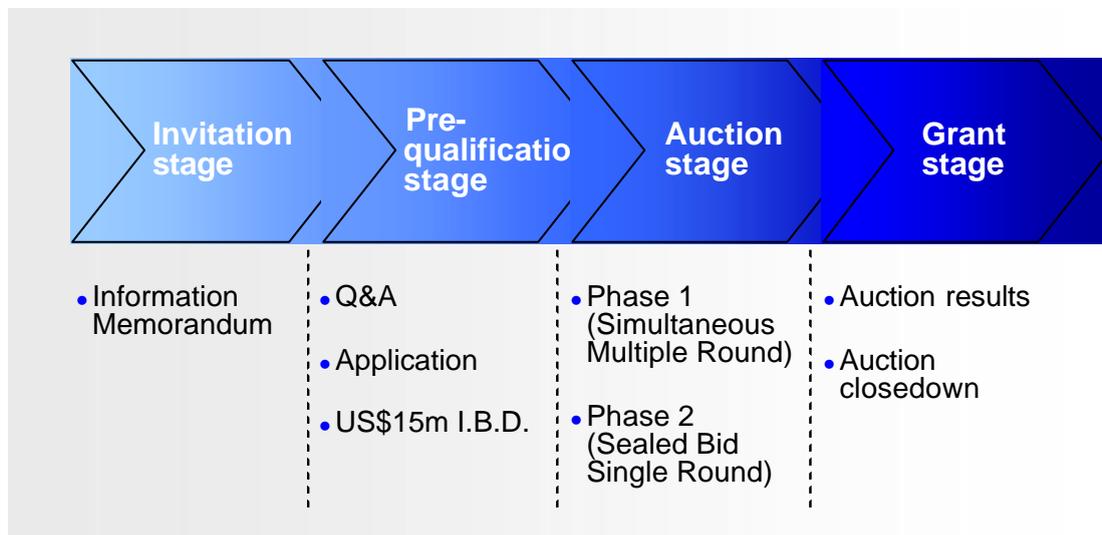
- An overview of the licensing process and the indicative timetable
- Definition of key Auction roles (see glossary for further definitions)
- Description of Auction logistics
- Description of the Auction process
- Definition of the Auction rules.

It is important to note that Applicants / Bidders will be responsible for all costs incurred by them in relation to this licensing process.

6.2 OVERVIEW OF LICENSING SCHEDULE AND TIMETABLE

The licensing process will consist of a four-stage procedure, as set out in Figure 11 below:

Figure 11: Four stage licensing process



The timetable for the licensing process, including the Auction stages, is set out in Table 5 below. The timetable is indicative and subject to amendment by the Commission..

Table 5: Auction timetable

DATE AND TIME (NT)	ACTIVITY
Invitation Stage:	
23/02/07	Website Publication of Information Memorandum
27/02/07	Print Publication of Information Memorandum
Pre-Qualification Stage :	
15.00 hrs (NT), 09/03/07	Deadline for submission of questions on Information Memorandum
17.00 hrs (NT), 13/03/07	Deadline for Publication of Commission responses to submitted questions
17,00 hrs (NT), 16/03/07	Deadline for submission of bidding application and Intention-to-Bid deposit
17.00 hrs (NT), 23/03/07	Notification to all parties of rejection or acceptance of bidding application
Auction Stage:	
10.00 hrs (NT) 29/03/07	Mock Auction
09.00 hrs (NT), 02/04/07	Auction process begins
Grant Stage :	
	Results of sealed bid Auction are announced following completion of the Auction
	Award of Provisional Licence

6.3 KEY AUCTION ROLES

6.3.1 Auction Overseer

The Auction Overseer is responsible for the monitoring of the Auction process and providing assurance to Approved Bidders with respect to Auction results. The Auction Overseer is also responsible for resolving any Auction process complaints.

6.3.2 Auction Manager

The Auction Manager is responsible for the operation of the Auction process itself, in particular the determination of the minimum bidding increments between each round.

6.3.3 Auction Administrator

The Auction Administrator is assigned to ensure the smooth running of the administration of the Auction process.

6.3.4 External Communication Manager

The External Communications Manager is responsible for the communication of the final Auction results and any appropriate interim results and / or information.

6.3.5 Applicant

An Applicant is an organisation that has submitted a bid application template, prequalification criteria, bid deposit payment form and the Intention-to-Bid Deposit but has not yet been qualified as an Approved Bidder by the Commission.

6.3.6 Approved Bidder

An Approved Bidder is an organisation that has met the pre-qualification criteria and received formal approval from the Commission to participate in the 2 GHz Spectrum Auction.

6.3.7 Bid Teams

The Bid Team will consist of four named representatives for each Approved Bidder who will participate in the Auction process and fulfil the terms of the Bidder Compliance Certificate.

6.3.8 Bid Team Member

A Bid Team Member is a member of the Bid Team authorised to act on behalf of the Approved Bidder.

6.3.9 Commission Observer

Commission Observers will be in attendance in Auction Rooms as observers to ensure compliance with the Auction Rules.

6.4 AUCTION LOGISTICS

6.4.1 Auction Day

The first Auction Day is the beginning of Phase 1 of the Auction process. Each Auction Day will commence at 09.00 hours (NT) and finish at approximately 18.00 hours (NT). Lunch will be brought to the individual Auction Rooms.

6.4.2 Auction Location

The Auction Location is the venue that will be used to host the Auction process in Abuja.

6.4.3 Auction Room

The Auction Room is an allocated room within the Auction Location where the Approved Bidder Bid Team will be situated each Auction Day with a Commission Observer.

6.4.4 Notification and changes to bid team members

The Commission reserves the right to request the nomination of an alternative Bid Team member.

Requests for changes to Bid Team members must be made twenty-four hours in advance, and are subject to the Commission's agreement. Any deviation due to exceptional circumstances will be at the sole discretion of the Commission.

6.5 LICENSING PROCESS

6.5.1 Stage 1: Invitation Stage

Public Notices have been issued highlighting the spectrum licences that are being made available at Auction.

This Information Memorandum is made available to all interested parties through the Commission's website and hard copies are also available from the Commission's headquarters in Abuja from the 27 February 2007.

6.5.2 Stage 2: Pre-Qualification Stage

The pre-qualification stage outlines the steps to be carried out and the requirements to be met by any organisation seeking approval to participate in the 2 GHz Spectrum Auction.

Interested parties must submit any questions concerning the Information Memorandum by 15.00 hours (NT) on 9th March 2007.

Answers to these questions will be published, where appropriate, on the Commission's website by 17.00 hours (NT) on 13th March 2007.

Applications from all interested parties to enter the Auction stage must be submitted to the Commission by 17.00 hours (NT) on 16th March 2007.

All Applicants are required to confirm that they meet the qualification criteria detailed in Appendix B.4, as outlined in their application:

- i) Confirmation that the Applicant is a qualifying Licensed Network Operator in Nigeria
- ii) Approved Bidders are required to be independent of one another (as defined in Bidder Relationships section under Auction Rules). Applicants must highlight to the Commission any direct or indirect cross-ownership of 5% or more in any other Licensed Network Operators in Nigeria in order for the Commission to be confident of the independence of Approved Bidders
- iii) Applicants must provide a confirmation, using the prequalification templates, that a deposit of US \$15 million (fifteen million US Dollars) – the Intention-to-Bid Deposit – has been deposited in the Commission's nominated account using the bid deposit payment template.

The Intention-to-Bid Deposit is a commitment from the Applicant to pay at least the Reserve Price for the licence, as specified in this Information Memorandum, and to participate in the first round of the Auction process. Failure to meet these obligations may result in the forfeiture of the Intention-to-Bid deposit, at the sole discretion of the Commission.

6. Licensing Process...

The Commission reserves the right to request additional information and / or clarification based on an Applicant's submission. Applicants are required to comply with all such reasonable requests.

Applicants will be informed in writing by 17.00 hours (NT) on 23rd of March 2007 if they have been successful in their application to compete in the Auction stage of the licensing process by meeting these prequalification criteria. These Applicants will be awarded the status of Approved Bidders.

Any Applicants unsuccessful in their prequalification bidding application will be informed and their IBD will be returned to them as detailed in Section 6.6.5.

6.5.3 Stage 3: Auction Stage

The Auction stage of the licensing process details the controls and procedures in place to manage the competitive bidding between Approved Bidders for the award of the spectrum licences.

If there are only four Approved Bidders the Commission will provisionally award the licences to those parties at the Reserve Price. If there are three or less Approved Bidders the Commission reserves the right to abort the process.

It is not envisaged that Auction Days will occur on weekends or national public holidays.

The Auction stage of the process will consist of two phases and will proceed as follows:

Phase 1: A Simultaneous Multiple Round (SMR) closed bidding Auction continuing until there are five Active Bidders remaining in the bidding process.

- i) Phase 1 will commence at 09.00 hours (NT) on 2nd April 2007 at the Auction Location.
- ii) Phase 1 will run over multiple rounds until the completion criteria have been met.
- iii) At the end of Phase 1, the top five bid values will be made known via a press statement on an anonymous basis with respect to Approved Bidder identity.

Phase 2: A Sealed Bid Single Round (SBSR) Auction to produce four bid values.

- i) Phase 2 will begin within 1 hour of the completion of the final round of Phase 1.
- ii) Phase 2 will be complete when all sealed-bids have been submitted to the Auction Manager and any Tied Bids have been resolved through the Tied Bid process.

These phases will run consecutively, with the Phase 2 SBSR stage following directly after the conclusion of the Phase 1 SMR stage. A stepped process overview diagram of the Auction Method is shown in Appendix C.

On completion of Phase 2, Approved Bidders will be provided with confirmation of their final submission. They will have 10 minutes from receipt of this confirmation to raise any issues.

Phase 2 Approved Bidders will then be notified as to whether or not they have been successful in the Auction. Successful Bidders and their final Bids will be made public via a press statement approximately 30 minutes later. This will mark the end of the Auction process.

6. Licensing Process...

Successful Bidders will be given the opportunity to select from the four specific paired spectrum packages in order of preference based on their final bid values, with the Successful Bidder with the highest final Bid value being given first choice. In the event of a need to resolve a tie to define the order of preference for this purpose, the Commission will apply a random and impartial selection method, to be notified by the Auction Manager.

The Commission reserves the right to make necessary and reasonable adjustments to the process in the overall interests of achieving a fair and transparent outcome.

The following sub-sections set out the approach to be adopted for the Auction.

GENERAL APPROACH FOR PHASES 1 AND 2

- i) Each Bid Team will consist of no more than four Bid Team Members as detailed on the bidding application form. The Commission will review the proposed Bid Team members and reserves the right to request alternative nominations. The Commission must be provided with at least 24 hours notice of any proposed changes to personnel.
- ii) Each Bid Team will be allocated an individual Auction Room within the Auction Location. An Commission Observer will accompany the bid team at all times during the Phase 1 bidding process.
- iii) Bid Teams are forbidden from using any type of communication method or device, electronic or otherwise, to communicate with parties outside their allocated Auction Room. This includes, but is not limited to, the use of laptop computers, PDAs, Blackberrys, mobile phones and other electronic devices. All bidding material will be in the format defined and provided by the Auction Manager.
- iv) If a Bid Team is found to be communicating outside their Auction Room, the Commission has the right to impose financial penalties, at the Commission's discretion as defined in Section 6.6.1, on the Approved Bidder and reserves the right to exclude the party from further participation in the Auction.

PHASE 1 SPECIFICS

Phase 1 will commence at 9am on Auction Day 1 and the process will proceed as follows:

- i) In the opening round of bidding, all Approved Bidders must submit a minimum initial bid at or above the Reserve Price plus the minimum bidding increment. This bid total should be submitted on the Opening Bid Form.
- ii) The minimum bidding increment will be defined by the Auction Manager at the start of each bidding round and communicated to all Bid Teams. This increment will be calculated by the Auction Manager as a percentage of the previous bid total (to the nearest US \$10,000) and communicated as a currency value to all Bid Teams. This percentage will be standard across all Bid Teams.
- iii) All bids must be submitted to the nearest US \$10,000 (ten thousand US Dollars).
- iv) The Opening Bid Form will be sealed and returned to the Auction Manager. The Auction Manager will confirm that the value of each bid is correct before collating these bids and publishing the five highest bid totals in descending value (Phase 1 Bid Table) to Active Bidders. The identity of the Active Bidders will not be revealed. Bid teams will not be informed of Tied Bids.
- v) All Bid Teams will remain in their Auction Rooms during this process.

6. Licensing Process...

- vi) A Bid Form will be distributed to all Bid Teams, marking the start of the next bidding round. From this point the Bid Team will have 20 (twenty) minutes to submit the completed Bid Form.
- vii) Within the 20 minute bidding period, Bid Teams have the initial 10 minutes from receipt of the Bid Form to raise any issues regarding the details contained on the Bid Form document.
- viii) The Bid Form will contain details of that Bid Team's previous bid amount, the Phase 1 Bid Table and the minimum bid incremental increase for the Bid Team. There will be three options available to each Bid Team:
 - Increase Bid:** Submit an increased bid, with a minimum bid increase equal to the increment defined by the Auction Manager. A Bid Team submitting an increased bid will be deemed to be an Active Bidder.
 - Waive:** Decline the opportunity to increase the Previous Round bid total by submitting a Waive. Bid Teams will have three opportunities to submit a Waive, after which this option is no longer available. A Bid Team submitting a Waive will be deemed to be an Active Bidder. Bid Forms will indicate the number of remaining Waives available to the Active Bidder.
 - Withdraw from Bidding:** Bid Teams may elect to permanently withdraw from the bidding process. Submitting this option on the Bid Form is non-reversible. A Bid Team submitting a Withdraw from Bidding Bid Form will be deemed to be a Closed Bidder. Any submitted bids currently within the Phase 1 Bid Table may never be withdrawn until the bid is replaced as one of the top five bids in subsequent rounds.
- ix) Closed Bidders will have no further active participation in the Phase 1 bidding process, but must remain in their Auction Room if they have an Active Bid in the Phase 1 Bid Table. After each round they will be issued with a Bid Form for information purposes only.
- x) The Phase 1 bidding process will continue until there are five Active Bidders remaining in the bidding process. At this stage all Active Bidders with valid remaining bids (i.e. Bid Teams that have a bid within the Phase 1 Bid Table) will be informed and invited to participate in Phase 2 of the Auction.
- xi) In the event of Tied Bids at this point, all Active Bidders with bids situated in the Phase 1 Bid Table will progress to Phase 2 of the Auction.

PHASE 2 SPECIFICS

Phase 2 will commence within one hour of the announcement of Phase 1 completion. It will proceed as follows:

- i) Bid Teams will be issued with a Phase 2 Bid Form containing the final Phase 1 Bid Table.
- ii) Bid Teams will have one opportunity to submit a sealed bid for the purchase of a licence. This bid must be at or above their final bid submission in Phase 1. There will be no subsequent opportunities to submit an increased bid offer, other than to resolve a tie.
- iii) There is no minimum bid increment in Phase 2.
- iv) There is no rounding of Bid values in Phase 2.
- v) Phase 2 bids will be sealed and delivered to the Auction Manager. All Bid Teams will remain in their Auction Rooms.

6. Licensing Process...

- vi) Where there are four clear licence winners, the Auction Manager will inform all Bid Teams of the Successful Bidders.
- vii) In the event that there are no clear licence winners (e.g. if there are two or more equal bids for the fourth spectrum licence), a subsequent Sealed Bid Single Round will take place between these Tied Bid Teams. If there is a further tied round the allocation of the final licence will be decided by a random and impartial selection method, to be notified by the Auction Manager.
- viii) As outlined above, Successful Bidders will be given the opportunity to select their preferred spectrum packages in order of preference based on their final bid values.
- ix) The Final Price to be paid by each Successful Bidder is the final bid value submitted for their winning bid in Phase 2 of the Auction.

6.5.4 GRANT

The Auction Closure will occur when the public announcement is made by the Auction Manager, revealing the successful organisations to be awarded licences under this process.

At this point the Successful Bidders will automatically be deemed to have been awarded provisional licences. The balance of all Auction and licence fees shall be paid to the Commission within 14 business days from the date of award of the provisional licences.

6.6 AUCTION RULES

The Auction rules are based on the following principles:

- i) The Licensing Process will be conducted in a fair, open and transparent manner. All parties participating in the Auction will be expected to behave in the same fashion.
- ii) The Commission reserves the right to exclude any parties that have been deemed not to have conducted themselves in this way. In addition, the **IBD** can be forfeited under such circumstances.

All Bidders must abide by the Auction Rules or face disqualification.

6.6.1 Financial penalties

By entering into this licensing process, Applicants / Bidders are making a commitment to abide by the requirements and rules in relation to this spectrum licensing process as communicated by the Commission. The Commission reserves the right to impose financial penalties on Applicants / Bidders in the event of infringement of these requirements and rules. Financial penalties will be deducted from the Intention-to-Bid deposits provided by Applicants / Bidders and the Commission's decision in these matters will be final.

6.6.2 Behaviour and Relationships

BIDDER RELATIONSHIPS

It is forbidden for Bidders to have a relationship with another Bidder during the licensing period of the spectrum licence Auction. For the purposes of this licensing process, this period starts with the issue of the Information Memorandum and stops at the granting of the licences. A relationship is defined as where a Bidder owns directly or indirectly an ownership stake of 10% or more in another Bidder.

6. Licensing Process...

In the interests of avoiding a Bidder relationship conflict, Applicants are required to notify the Commission of any cross-investments with other Licensed Network Operators in Nigeria of 5% or more and of any other information of which they are aware that could give rise to such a Bidder relationship issue.

Where it is shown that such a relationship exists, or has existed during the licensing phase, the Commission reserves the right to exclude Bidders from the process and withhold part or all of the Intention-to-Bid Deposit.

The Commission reserves the right to impose financial penalties (see Section 6.6.1) and / or exclude any Bidder where it has been demonstrated that the Bidder has worked in an anti-competitive relationship against the spirit of the Auction Rules. The Commission also reserves the right to exclude these organisations from future licensing events.

ANTI-COMPETITIVE BEHAVIOUR

Bidders must not enter into any arrangement with organisations that would restrict the ability of other Bidders to plan, build or operate their networks under the spectrum licence.

Bidders are not permitted to agree any type of restriction on the costs of software or equipment with suppliers that would influence the ability of other Bidders to plan, build or operate their networks under the spectrum licence.

ADVISORS

Bidders are not permitted to receive advice on 2 GHz Spectrum Auction matters from any person or persons retained as advisors, or who previously worked in this capacity, by the Commission in relation to the spectrum licensing process. This includes current and former employees of:

- PA Consulting Group
- D.D. Dodo & Co
- Chike Offodile & Co.

Applicants are not permitted to receive advice on 2 GHz Spectrum Auction matters from any persons retained as an advisor by another Bidder in the spectrum licensing process.

6.6.3 Confidentiality

CONFIDENTIALITY

Any confidential information that is submitted to the Commission by Bidders will not be disclosed to other parties unless it is deemed essential to the fair running of the licensing process or required by law. Under these circumstances, full consultation will take place with the affected party.

Confidential information will include items such as business cases, bidding details and bidding strategies.

All information issued by the Commission in relation to this 2 GHz spectrum licensing process should be regarded as non-confidential unless explicitly stated.

6. Licensing Process...

Notwithstanding the above, Bidders must not make any public statements concerning the Auction during its progress.

6.6.4 Process

QUESTION AND ANSWER PERIOD

The period between the publication of the Information Memorandum and the application closure date allows all interested parties to raise clarifications on the Information Memorandum and request additional information.

All questions and corresponding Commission responses will be published on the Commission's website at regular intervals. All responses will be available on the Commission's website from 17.00 hours (NT) on 13th March 2007.

No individual correspondence will be entered into concerning questions or clarifications raised by Bidders.

All clarifications and questions raised should be addressed during the specified communication period to either:

- spectrumauction@ncc.gov.ng, or
- The Executive Vice Chairman of the Nigerian Communications Commission.

In both instances, all communication should be clearly titled '2 GHz Spectrum Auction'.

COMPLAINTS, GRIEVANCES AND THEIR RESOLUTION

All complaints and grievances should be submitted in writing to the Commission clearly outlining the details of the issue. No other method of submission is permissible.

Complaints and grievances will be accepted both during and up to two weeks after the licensing process has been completed (Auction Closure).

Resolution will be in the form of a formal documented reply from the Commission with clearly defined resolution actions where appropriate. The Commission's decision is final.

Any complaints arising from the Auction process must be reported to the Commission within 10 business days of the completion of the Auction process.

COMMUNICATIONS

All communication between Bidders relating to the 2 GHz spectrum licensing process is forbidden. This includes but is not limited to: bid strategy, valuations and budgets. If a Bidder knowingly and purposely communicates with another Bidder during the licensing process, the Commission has the right to impose financial penalties, at the Commission's discretion as defined in Section 6.6.1. It also reserves the right to exclude the party from further participation in the Auction.

Should a Bid Team require to communicate with the Auction Manager on an Auction Day, it should submit a sealed written communication document to the Observer present in the Auction Room. This communication will then be passed to the Auction Manager.

DISQUALIFICATION FROM THE PROCESS

In the event of a Bidder being disqualified from the process, the Commission reserves the right to impose a penalty. The maximum penalty may result in forfeiture of the full IBD submitted.

RESTART OF THE AUCTION

The Commission reserves the right to exclude one or more Bidders from the Auction where it has been shown due reason to do so. An example warranting exclusion could be contravention of the communications rule.

Under such circumstances, it is at the Commission's discretion as to whether the Auction will continue or be restarted. Mitigating circumstances for an Auction restart would include instances where the bidding process has been influenced or where bids have been excluded or distorted in the Auction process.

BID VALIDATION

All Phase 1 bids submitted during the Auction process will only be deemed valid if they are returned on an official bid form in the correct format and at the correct time.

Opening Bid: The opening bid of Phase 1 must have a minimum value of the Reserve Price plus the minimum bid increment, or be a Waive Bid.

Ongoing Bid: Ongoing increased bids of Phase 1 must have a minimum value of the Reserve Price plus the minimum bid increment. A bid is deemed invalid if it falls below this value.

In Phase 1, all bids must be made to the nearest US \$10,000 (ten thousand US Dollars)

Waive Bid: During Phase 1 an Approved Bidder can only request to Waive their bid on a maximum of three occasions.

Phase 2 Sealed Bid: All Phase 2 sealed bids must be at or above the final bid amount submitted by that Approved Bidder in Phase 1. A bid is deemed invalid if it falls below this value.

LATE BID TEAM ARRIVAL

Only where it can be shown that exceptional circumstances have prevented the Bid Team arriving on time for an Auction Day will the Auction be paused. Approved Bidders may be required to provide official proof for any lateness of arrival.

It is at the sole discretion of the Commission to determine if the circumstances stated are acceptable.

LATE BID CIRCUMSTANCES

Late bid submissions on an Auction Day will not be accepted unless exceptional circumstances have prevented the Bid Team from delivering a bid.

It is at the sole discretion of the Commission to determine if these circumstances are acceptable.

6. Licensing Process...

CHANGES IN APPLICANTS' CIRCUMSTANCES

Any changes to a Bidder's circumstances during the licensing process that would affect the process should be reported in writing to the Commission at the earliest opportunity.

APPLICATION WITHDRAWAL POLICY

An application to participate in the licensing process cannot be withdrawn once an acceptance receipt has been issued by the Commission.

AUCTION PROCESS BRIEFING

Approved Bidders will be required to participate in a Mock Auction that will replicate the actual Auction process. This Mock Auction will take place on or around the 29th March 2007. It is mandatory for Approved Bidders to attend the Mock Auction. Details of this event will be published on the Commission's website.

LANGUAGE

All communication should be submitted in English.

GOVERNING LAW

- i) National Law – This Information Memorandum and any licences issued shall be exclusively subjected to, and interpreted in accordance with, the laws of Nigeria
- ii) Dispute Resolution – Any dispute over the licensing process and distribution shall be settled by the Commission under the terms of the Information Memorandum and the laws of Nigeria.

TAXES

The sale of the spectrum licences will not incur Value Added Tax (VAT). In addition, no VAT will be applicable to UASL fees.

CURRENCY

All currency amounts stated throughout this document are in United States Dollars (US\$), with the exception of Figure 8 which is in Naira. All currency amounts used in all bidding stages must also be in United States Dollars (US\$).

6.6.5 Financial

INTENTION-TO-BID DEPOSIT (IBD)

The Intention-to-Bid (IBD) amount has been set at US \$15 million (fifteen million US Dollars).

The IBD is the deposit payment required to be made by all Applicants as part of the pre-qualification process. This payment must be settled before the application submission date (as defined in the licensing process timetable).

The Intention-to-Bid Deposit is a commitment from the Applicant to pay at least the Reserve Price for the licence, as specified in this Information Memorandum, and to

6. Licensing Process...

participate in the first round of the Auction process. Failure to meet these obligations can result in forfeiture of the IBD.

Any Active Bids, as defined in the Auction process, must be honoured.

Failure to submit a valid bid in round one of Phase 1 of the Auction and failure to honour any Active Bids will result in forfeiture of the entire IBD.

In the event that the Approved Bidder is successful in the Auction process, the full IBD plus any accrued interest as detailed below will be offset against payment for the actual licence, subject to no penalty having been incurred during the Auction.

Approved Bidders who have been unsuccessful in the Auction process will have their IBD returned to them in full along with any accrued interest as detailed below, subject to no penalty having been incurred during the Auction.

By 17.00 hours (NT) on 16 March 2007, Applicants must have transferred the IBD so that it is received in cleared funds in the designated account. This is part of the pre-qualification process.

The account to which Applicants must send US\$ funds is a Commission-controlled account as follows:

SWIFT: CHASUS33
Bank: JPMorgan Chase, New York
Account name: Central Bank of Nigeria Auto Forex Account (AFEM)
Account Number: 0011945599

The payment should be marked with a unique identifier consisting of the registered name of the Applicant prefaced by 'NCC'.

The funds will earn interest. The interest will be calculated using the overnight LIBOR rate minus 50 basis points. Interest will be calculated on the outstanding balance on a daily basis and credited to the account on a monthly basis. Interest earned on deposits will be used to pay the Escrow Agent's fees on a pro-rata basis and the interest balance will be paid to the Bidder.

Any penalty will be deducted on the day that it is incurred and interest will cease on the penalty amount. Bidders will be informed in writing of any such penalties.

7. APPLICATION INSTRUCTIONS AND APPLICATION CONTENTS

7.1 INTRODUCTION

This section provides a summary of the actions required to be taken by Applicants to submit an application to participate in the 2 GHz Spectrum Auction.

In the event of a discrepancy between the application instructions contained in this section and the licensing process descriptions provided above, the licensing process descriptions shall prevail.

7.2 APPLICATION INSTRUCTIONS

7.2.1 Application format, address and delivery

All applications must be submitted using the standard templates that are included in this Information Memorandum. These are detailed on the Compliance Checklist.

Applications should be submitted in a sealed envelope, marked as follows:

2 GHz Spectrum Auction
For the attention of:
Executive Vice Chairman

Applications need to reach the following address by the application deadline (see Table 1):

Nigerian Communications Commission
Plot 432, Aguiyi Ironsi Way
Maitama,
Abuja,
Federal Capital Territory
Nigeria

It is strongly advised that Applicants deliver their Application in a secure manner and that legal representatives accompany the delivery of the Application Form. Upon receipt of the application the Commission's 2 GHz licensing representative will issue a "proof of acceptance" receipt that will serve as a record of the date and time of delivery of the application.

7.2.2 Application deposit

By 17.00 hours (NT) on 16 March 2007 Applicants must have transferred the IBD so that it is received as cleared funds in the designated account; see Section 6.6.5. This forms part of the pre-qualification criteria.

7.3 APPLICATION DOCUMENTATION

7.3.1 Part 1 – Cover Letter

A duly completed Cover Letter, as contained in Appendix B.2, should be signed and dated by an Authorised Signatory of the Applicant. This Authorised Signatory should be included

as a member of the Bid Team, as detailed in the Bidder Compliance Certificate template, found in Appendix B.6.

7.3.2 Part 2 – Pre-Qualification Criteria Table

A duly completed pre-qualification criteria table, as contained in Appendix B.4, should be signed and dated by an Authorised Signatory of the Applicant. This Authorised Signatory should be included as a member of the Bid Team, as detailed in the Bidder Compliance Certificate template in Appendix B.6.

The pre-qualification criteria table requires the Applicant to self-certify against the following criteria:

- Accredited as a qualifying Nigerian Licensed Network Operator
- Independence from other Applicants
- Notification of Advisors
- Transfer of Intention-to-Bid Deposit
- Fulfilment of regulatory obligations.

7.3.3 Part 3 – Intention-to-Bid Deposit

The Intention-to-Bid Deposit submitted by Applicants shall:

- i) Be for an amount equal to US \$15 million (fifteen million US Dollars).
- ii) Be deposited and have cleared in the Commission's account before the Application closure date.
- iii) Form part of the legal commitment of the Applicant to participate in the Auction process if they are awarded Approved Bidder status. This includes the commitment to take up a licence if the Applicant becomes one of the four Successful Bidders.

7.3.4 Bid deposit payment form

A duly completed Bid Deposit Payment Form as contained in Appendix B.5 should be completed, signed and dated by an Authorised Signatory of the Applicant.

7.3.5 Binding Nature of Application

By submitting an application the Applicant will be bound by the information provided and the commitments outlined in this Information Memorandum and any subsequent notices and communications by the Commission relating to the 2 GHz Spectrum Auction as appropriate and as contained in the Applicant's application.

7.3.6 Completeness of Applications

Incomplete applications will not be considered by the Commission. If there is any doubt surrounding the completion of applications, this should be addressed in writing to the Executive Vice Chairman, clearly marked 2 GHz Spectrum Auction, at least two business days in advance of the application deadline.

8. COMMUNICATION, CONTACTS AND FURTHER INFORMATION

8.1 CONTACTS FOR ENQUIRIES

Enquiries relating to the Information Memorandum should be addressed during the specified communication period to either:

- spectrumbauction@ncc.gov.ng, or
- The Executive Vice Chairman of the Nigerian Communications Commission.

In both instances, all communication should be clearly marked '2 GHz Spectrum Auction'.

8.2 COMMUNICATION PROCESS

Following the issue of this Information Memorandum, the Commission may publish further information as well as any questions received and any answers provided. The Commission, however, reserves the right not to respond to a particular question, in whole or in part.

The identity of Applicants submitting questions will not be attributed without the questioner's permission. The Commission will publish all additional information via its website (www.ncc.gov.ng). Further copies of this Information Memorandum may be downloaded from this site.

A two week window for questions will commence immediately following the release of this Information Memorandum. Questions will only be accepted through the official communication channels outlined above. Communication outside this period will not receive a reply.

8.3 INDICATIVE COMMUNICATION TIMETABLE

Table 6: Indicative communication timetable

Information Memorandum question and answer period opens	23 February 2007
Final deadline for submission of questions on the Information Memorandum	15.00 hrs (NT), 09 March 2007
Deadline for publication of answers	17.00 hrs (NT), 13 March 2007
Notification of pre-qualification outcome	17.00 hrs (NT), 23 March 2007
Notification of award of Provisional Licence	Auction closure

APPENDIX A GLOSSARY OF TERMS

2 GHz Spectrum Auction	The end-to-end spectrum licensing process addressed by this Information Memorandum
Active Bid	Any submitted Bid value featuring in the Phase 1 Bid table
Active Bidder	A Bid Team that has not withdrawn from Auction proceedings
Applicant	A party that has submitted an application and associated Intention-to-Bid Deposit in order to be considered for Approved Bidder status
Approved Bidder	An organisation that has met the pre-qualification criteria and received formal approval from the Commission to participate in the 2 GHz Spectrum Auction and has committed itself to compete in Phase 1 of the Auction
Auction	The stage of the licensing process where competitive bidding is undertaken to purchase a spectrum licence.
Auction Administrator	Person assigned to ensure the smooth running of the administrative functions during the Auction phase of the 2 GHz spectrum licensing process
Auction Closure	The public announcement of the conclusion of the licensing process following the completion of the Auction.
Auction Location	Venue that will be used to host the Auction stage of the licensing process
Auction Manager	Person responsible for the Auction process
Auction Overseer	Person responsible for monitoring the Auction process, providing assurance to Approved Bidders with respect to the final Auction result and resolution of any Auction process issues
Auction Phase s	The two Phases of the Auction to which individual bidding rules apply
Auction Rooms	Secure, individual rooms provided for and used by each Bid Team for the duration of the Auction process
Auction Round	The period of time during which each of the Active Bidders must carry out an action, the end of which is signified by the Auction Manager publishing bid values
Authorised Officer	A person authorised by an Applicant to act on its behalf, as defined in the Bidder Compliance Certificate
Authorised Signatory	A person authorised to contract on behalf of the Applicant / Bidder
Bid	The value that an Approved Bidder has declared to be willing to pay for a spectrum licence in any Auction round
Bidding Action	The process by which a Bid Team indicates willingness or otherwise to pay the current price for a spectrum block in the 2 GHz band Auction. There are three types of Bidding Action:

	Increase, Waive and Withdraw
Bidder	A Bidder is a corporate body that submits an application for award of a spectrum licence
Bid Increment	The amount by which a bid is increased between Auction rounds
Bid Form	The paper form on which an Approved Bidder makes an action known in each round
Bid Team	A group of people authorised by an Applicant to participate in the Auction process, comprising no more than four people, one of whom should be the Authorised Officer (as defined in the Bidder Compliance Certificate template).
Bid Team Member	A Member of the Bid Team authorised to act on behalf of the Bidder
Closed Bidder	An Approved Bidder whose bid is still subject to acceptance but is precluded from further increasing a bid as a consequence of its actions in the Auction
Commission	The Nigerian Communications Commission
Commission Observer	A person on behalf of the Commission who will be in attendance in Auction Rooms to ensure compliance with the Auction Rules
Increase	The act of raising the bid value that an Approved Bidder is willing to pay for a licence, by at least the minimum bid increment as defined by the Auction Manager
Intention-to-Bid Deposit (IBD)	A sum deposited by an Applicant with the Commission to demonstrate intention to participate in the Auction and willingness to take up a licence for at least the Reserve Price
Licence Award	Notification of award of a spectrum licence
Mock Auction	A preparatory run-through of the Auction process to familiarise Approved Bidders with the Auction procedures
NT	Nigerian Time
Phase 1	A Simultaneous Multiple Round closed bidding Auction which continues until there are five Bid values left in the process
Phase 1 Bid Table	The published five highest bid totals received in each Auction round of Phase 1
Phase 2	A Sealed Bid Single Round Auction to result in four Successful Bidders to whom licences will be awarded
Previous Round	The Auction round preceding the current round
Reserve Price	The price announced as the minimum at which a licence will be awarded in the licensing process
Sealed Bid Single Round	The second phase of the Auction process
Simultaneous Multiple Round	The first phase of the Auction process

A Glossary Of Terms...

Successful Bidder	A Successful Bidder is a Bidder to whom a provisional spectrum licence is awarded
The Act	Nigerian Communications Act, 2003
Tied bid	Submitted bids of the same value in any round or phase of the Auction process
Waive	An action during Phase 1 whereby an Approved Bidder signifies a wish in any round not to raise its bid

APPENDIX B APPLICATION FORMS

B.1 INTRODUCTION

This section contains all appropriate forms for interested parties wishing to be considered for inclusion in the Auction process.

Templates:

- Cover Letter Template
- Compliance Statement
- Pre-qualification Criteria Check-list
- Bid Deposit Payment Form
- Bidder Compliance Certificate.

All templates and forms must be submitted on the Applicant's headed paper.

B.2 COVER LETTER TEMPLATE

Executive Vice Chairman,
Nigerian Communications Commission
Plot 432, Aguiyi Ironsi Way
Maitama,
Federal Capital Territory Abuja
Nigeria

<Applicant's details, including mailing address, contact telephone number and email address>

<insert date>

Dear Sir

We the undersigned, having dutifully read the Information Memorandum pertaining to the Auction for spectrum in the 2 GHz band, including the disclaimer and all appropriate adjuncts, we herewith submit an application to take part in the auction for the award of licences to operate commercial services in that band.

Should our application be successful in the Auction, we hereby undertake to pay all fees relating to the acquisition of, and operation under, the licence, as well as abide by all appropriate terms and conditions as set out in the Information Memorandum, including the referenced licences.

By submitting this letter, we certify that we have lodged an Intention-to-Bid Deposit of value US \$15 million (fifteen million US Dollars) with the Commission's bankers.

By submitting this application and deposit we understand that we have entered the licensing process to purchase a spectrum licence and will perform all obligations as stipulated in the Information Memorandum.

We also understand that by entering into this licensing process we are making a commitment to abide by the requirements and rules in relation to this 2 GHz spectrum licensing process as communicated by the Commission and that the Commission reserves the right to impose financial penalties in the event of infringement of these requirements and rules. Any such financial penalties will be deducted from our Intention-to-Bid deposit.

We have completed and enclosed the following:

- a) Compliance Statement
- b) Pre-qualification Criteria Check-list
- c) Bid Deposit Payment Form
- d) Bidder Compliance Certificate (containing details of Bid Team members).

B Application Forms...

We confirm that all of the information provided in our application and associated documents is accurate and true to the best of our knowledge.

We acknowledge that this letter and all associated documentation relating to this process and our participation in it are governed by Nigerian law.

Yours sincerely

<insert signature of authorised signatory>

<insert name of signatory>

<insert name of Applicant>

<insert date of signature>

Attachments concerning (see Appendix B.4):

- Participating entities
- Independence of Applicants and cross-ownership (Bidder Relationships)
- Advisors.

B.3 COMPLIANCE STATEMENT

Executive Vice Chairman,
Nigerian Communications Commission
Plot 432, Aguiyi Ironsi Way
Maitama,
Federal Capital Territory Abuja
Nigeria

Date

Name of Applicant.....

Request for Applications for the Licensing of 2 GHz spectrum in the Federal Republic of Nigeria

Category	Criteria	Proof
Template	Application to take part at Auction in the licensing process for 2 GHz spectrum	Cover Letter
Template	Confirmation that the Applicant meets all defined pre-qualification criteria	Pre-qualification Criteria Check-list
Template	Confirmation that the Applicant understands the nature of the Intention-to-Bid Deposit	Bid Deposit Payment Form
Template	Applicant's nomination of the bid team authorised to take part at Auction	Bidder Compliance Certificate

<insert signature of authorised signatory>

<insert name of signatory>

<insert name of Applicant>

<insert date of signature>

B.4 PRE-QUALIFICATION CRITERIA CHECK-LIST

[Note to applicants: Please complete and return this form as part of the bidding application]

Characteristic	Criteria	Compliance (Yes/No)
Eligibility	<p>Applicant must be a qualifying Licensed Network Operator in Nigeria, as defined in Section 4.3.</p> <p>Applicant must confirm all participating entities and their relationships in the context of this Application. [To be provided as an attachment to the Cover Letter]</p>	
Independence	<p>Confirmation of independence from all other Licensed Network Operators participating in the 2 GHz Spectrum Auction.</p> <p>Indication of cross-ownerships and/or other issues which could affect Bidder Relationships (as defined in Bidder Relationships section under Auction rules). [To be provided as an attachment to the Cover Letter]</p>	
Advisors	<p>Identification of professional advisors supporting the Applicant's submission. [To be provided as an attachment to the Cover Letter]</p>	
Financial (deposit)	<p>US \$15 million (fifteen million US Dollars) Intention-to-Bid Deposit has been transferred and cleared in the designated account of the Commission</p>	
Fulfilment of regulatory obligations	<p>Applicant must confirm that it is up to date with all administration, licence and operating fees due to the Commission</p>	

<insert signature of authorised signatory>
 <insert name of signatory>
 <insert name of Applicant>
 <insert date of signature>

B.5 BID DEPOSIT PAYMENT FORM

The Applicant certifies, agrees and undertakes that:

- iv) It has paid a deposit of US \$15 million (fifteen million US Dollars) to the Commission as required by the Information Memorandum issued for the 2 GHz spectrum licensing process.
- v) Where the Commission makes an offer to allocate spectrum to a Successful Bidder and the Successful Bidder accepts the offer and pays for the spectrum within the period as specified by the Commission, then the deposit US \$15 million (fifteen million US Dollars) will form part of the payment for the price of the spectrum that will be allocated to the Successful Bidder.
- vi) Where the Commission makes an offer to the Successful Bidder and the Successful Bidder fails to make full payment in accordance with the conditions of the Auction and the Information Memorandum, the deposit will be forfeited to the Commission.
- vii) Where the Commission makes the offer to a Successful Bidder and the Successful Bidder fails to accept the offer within the time specified by the Commission for the acceptance of the offer, the Successful Bidder will forfeit the US \$15 million (fifteen million US Dollars) deposit.
- viii) Where no offer is made to the Bidder by the Commission but the Bidder has contravened any of the Auction rules as set out by the Commission, the Bidder accepts to be liable to pay any penalty as may be determined by the Commission in the event of such contravention. The sum payable for the penalty shall be deducted from the deposit of US \$15 million (fifteen million US Dollars) made by the Bidder and the balance refunded to the Bidder.
- ix) Where no offer is made to the Bidder by the Commission, and the Bidder has not contravened any of the Auction rules as set out by the Commission, the deposit of US \$15 million (fifteen million US Dollars) will be refunded to the Bidder.

The common seal of the Bidder is hereby attached in presence of

DIRECTOR

SECRETARY

B.6 BIDDER COMPLIANCE CERTIFICATE

The Bidder certifies and undertakes that:

- i) The Authorized Officers of the Bidder have read and understood the relevant legislation and the Information Memorandum.
- ii) The Bidder is legally capable of bidding in the Auction and has in place all necessary consents, permissions and board approval for this purpose, save those which, by virtue of legal or regulatory process, are not obtainable until after the results of the Auction are known and the Bidder further understands that it will bear the risk of failure to obtain such consents, permissions and approvals that are not obtainable until after the results of the Auction are known.
- iii) The Bidder understands and will be legally capable of satisfying its obligations under the terms and conditions of the Licence granted pursuant to the Auction and the terms of any Licence granted as a consequence of winning a spectrum License in the Auction.
- iv) The actual information provided in, or in support of, the Application is, to the best of the Bidder’s knowledge and belief, true, accurate and complete in all material respects and that any opinion expressed is honestly held.
- v) The Bidder in the Application is not the subject, and none of its Directors, officers or representatives are the subject, of criminal investigation or proceedings in Nigeria or abroad which might reasonably be expected to affect adversely their business or materially affect the Bidder’s ability to bid in the Auction or to satisfy the terms of any Licence awarded pursuant to the Auction, and that there is no reason to believe that such investigations or proceedings might occur during the Auction.
- vi) The following Officers representing the Bidder in the Auction have been duly and properly delegated by the Bidder to do so and they have the authority and power to bind the Bidder in the transaction.

Number	Name	Designation
1		
2		
3		
4		

The Common seal of the Bidder is hereby attached in presence of:

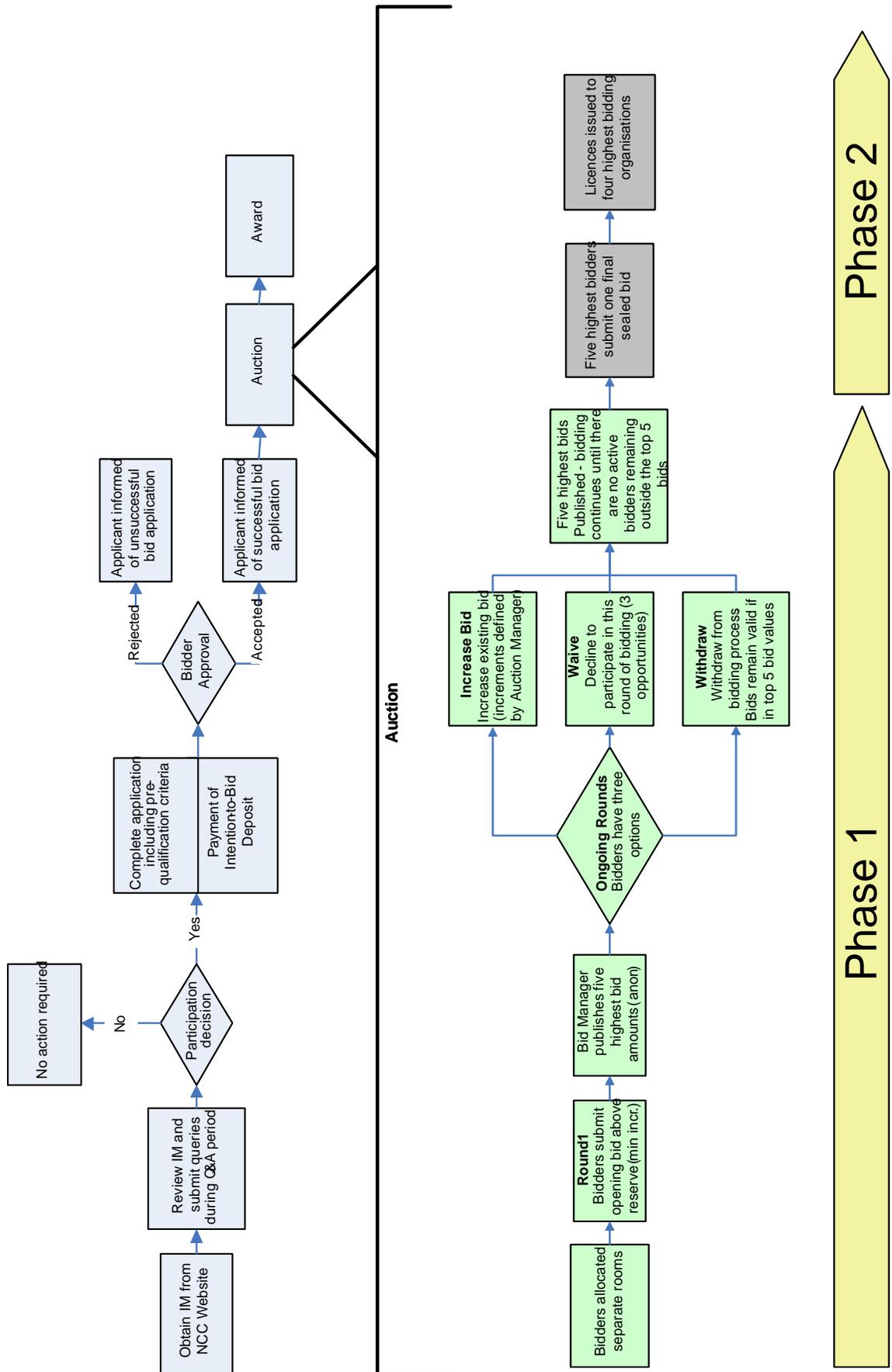
.....

Director

.....

Secretary

APPENDIX C LICENSING PROCESS DIAGRAM OVERVIEW



APPENDIX D UNIFIED ACCESS SERVICE LICENCE

See Unified Access Service Licence (specific to this Auction)

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APPENDIX E SPECTRUM LICENCE

See Spectrum Licence

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