

Result of Auction of DML License

The Nigerian Digital Mobile Licence auction concluded successfully at the end of Auction Day 3 Round 5. The Successful Bidders are:

- Communication Investments Limited.
- Econet Wireless Nigeria Limited.
- MTN Nigeria Communications Limited

According to the Auction Rules concerning the conclusion of the auction at the end of the Ascending Bid Phase:

“each Successful Bidder will be required to pay a Final Price equal to the Announced Price in the Last Round where each Successful Bidder responded YES.”

The Final Price therefore to be paid by each of the three Successful Bidders is :

USD \$285,000,000 (285 Million).

In addition, Nitel/Mtel will also pay the same Final Price USD \$285,000,000.

Although the Announced Price in the End Round was USD \$300,000,000 (300 Million), the two unsuccessful bidders were not willing to pay more than USD \$285,000,000. It is therefore appropriate that the winners should pay this price – the auction has been designed to deliver the ideal outcome: the strongest bidders have come through the process.

The Government has raised over USD \$1 billion, more than twice the original budget expected. Consequently the Government will be able to use the funds raised for the public benefit.

The NCC’s advisors, Radio Spectrum International (RSI) together with Charles River Associates (CRA), Chief Afe Babalola and Paul Usoro have provided invaluable support to the Commission throughout this process which has been praised by the bidders as efficient, well organised and transparent. The thorough preparation by all involved, including many Commission staff members, has been a significant factor in the success of this Auction. All the bidders have commended the Commission and its advisors on the smooth running operation of the auction.

Although some of you have suggested the high licence fees would lead to higher final prices for Nigerian consumers, this is not the case. The winning bidders in this auction have prepared very detailed business plans and have much experience in delivering mobile telephony services. The fact that we will have four operators keenly contesting the market will ensure that consumers will not get ripped off. Furthermore, having spent so much on the licenses, the winning bidders will have every incentive to build out their infrastructure as quickly as possible. The setting of high prices by any winning bidder will only serve to make their business less successful as consumers will shop around to find better deals in the market. That is why we have issued four licences! Competition will ensure prices are not set at silly levels.

Nigeria can proudly boast today that it has set a very important precedent. Not only have we concluded the world’s first ascending clock spectrum auction, we have demonstrated to the rest of

the world that our government processes can be held accountable and operated under full public scrutiny.

The whole auction process has been completely transparent throughout, with the public being informed of all the details along the way.

We can now look forward to four national operators delivering much needed digital telephony services to the benefit of all Nigerians.

Signed

**Engr. Ernest C A Ndukwe, Executive Vice-Chairman
Nigerian Communications Commission**

19 January 2001.