

Frequency Auction Notice of the Office of the National Media and Infocommunications Authority

The Office of the National Media and Infocommunications Authority, Hungary (hereinafter referred to as: Contracting Authority), as the authority in charge of civilian frequency management hereby announces a two-round international auction for the acquisition of the rights of use of frequency linked to GSM, IMT/UMTS, WiMAX or LTE radio communication services.

1) The auction procedure shall be conducted in line with the relevant provisions of Act 100 of 2003 on Electronic Communications, Act 140 of 2004 on the General Rules of Public Administration Procedures and Services and NMHH Decree 4/2011 (X. 6.) on the rules of auction or tender for obtaining frequency usage right, and with the conditions set out in the Documentation containing the detailed rules of the auction procedure. Moreover, the effective Hungarian legislation shall also apply to the auction procedure.

2) The object of the auction is the acquisition of exclusive rights of use of the frequency blocks defined below within the internationally coordinated 900 MHz band, in accordance with Government Decree 346/2004 (XII. 22.) on the establishment of the national allocation of frequency bands and NMHH Decree 7/2011. (X. 6.) on the establishment of the rules relating to the usage of frequency bands:

- (a) One EGSM-band duplex frequency block of 5 MHz in the 880.1-885.1 / 925.1-930.1 MHz band (hereinafter referred to as: frequency block "A");
The winning participant in the first round of the auction becomes entitled to a purchase option for the following frequency blocks at the price defined in the Documentation:
Three duplex frequency blocks of 5 MHz each in the 1725.1-1740 / 1820-1835 MHz band (hereinafter collectively referred to as: frequency block "D");
Three UMTS-band (2100 MHz) duplex frequency blocks of 5 MHz each, in the 1965-1980 / 2155-2170 MHz band (hereinafter collectively referred to as: frequency block "E");
- (b) One EGSM duplex frequency block (hereinafter referred to as: frequency block "C") of 0.8 MHz, and four 1-MHz EGSM duplex frequency blocks (hereinafter collectively referred to as: frequency block "B") in the 885.1-889.9 / 930.1-934.9 MHz band;
- (c) One PGSM-band duplex frequency block of 1 MHz in the 913.9—914.9 / 958.9—959.9 MHz band (hereinafter referred to as: frequency block "B").

The bands can be used for the provision of electronic communications services. The 900 MHz and 1800 MHz bands are suited for the implementation of narrow and broadband systems, while the 2100 MHz is suited for the implementation of broadband systems. Among the frequency blocks forming the object of this auction each participant can acquire rights of use for a duplex frequency range with a maximum bandwidth of 7.8 MHz within the 900 MHz band.

The uniform term of the rights of use for all obtained/purchased frequency blocks shall be fifteen (15) years from the date of acquisition of the frequency right.

3) The Documentation can be obtained for a Documentation fee (HUF 25 000, that is Twenty-Five Thousand Hungarian Forints) at the Central Customer Service Office (Központi Ügyfélfogadó Iroda) of the National Media and Infocommunications Authority, Hungary at 1133 Budapest, Visegrádi u. 106, between 9:00 am and 2:00 pm on Mondays to Thursdays,

and between 9:00 am and 12:00 pm on Fridays. The Documentation can be downloaded from the Contracting Authority's website (<http://www.nmhh.hu/?id=dokumentumtar&mid=4773&lang=en>) in electronic form free of charge; however, acquiring the Documentation in this form (download) does not in and of itself grant eligibility for participating in the tender procedure as applicant or for participating in the consultation.

4) Minimum prices

	Minimum price
Frequency block "A" – first round	HUF 4,000,000,000
Frequency block "A" – second round	HUF 4,000,000,000
Frequency block "B"	HUF 700,000,000/item
Frequency block "C"	HUF 560,000,000

The above amounts are exclusive of value added tax.

5) The Contracting Authority shall hold a consultation on September 27, 2011 at 10:00 am at the Event and Training Centre of the National Media and Infocommunications Authority, Hungary (1027 Budapest, Fő u. 80.). Attendance at the consultation is contingent upon purchase of the Documentation.

6) Applications for the auction can be submitted at the Central Customer Service Office (Központi Ügyfélfogadó Iroda) of the National Media and Infocommunications Authority, Hungary at 1133 Budapest, Visegrádi u. 106 on December 8, 2011 between 9:00 am and 2:00 pm.

7) The planned closing date for the auction procedure is January 31, 2012.

8) The general conditions of participation are defined in the Documentation. Incumbent mobile operators as defined in the Documentation, as well as companies belonging to the same corporate group as the incumbent mobile operator may not participate in the first round of the auction procedure's bidding phase.

9) Applicants to the auction procedure shall pay a participation fee of HUF 40,000,000, that is Forty Million Hungarian Forints + VAT to the Contracting Authority in the manner specified in the Documentation.

10) The Contracting Authority shall hold the auction in two phases: the bidding phase constitutes the first part, while the second part consists of the selection of the block location. In the **bidding phase**, the final bids submitted by applicants are established, the group of participants admitted to the block selection phase selected, and the order of priority among the participants admitted to the block selection phase determined.

The bidding phase is carried out in two rounds by the Contracting Authority.

The object of the first round is frequency block "A".

The object of the second round is frequency blocks "B" and "C" following closure of a successful first round, and frequency blocks "A", "B" and "C" following closure of a first round without an outcome.

In the **phase of selecting the block location**, the participants eligible for participation in block selection choose, in the order of their winning bids, the exact location of the acquired frequency blocks "B" and "C" within the frequency range defined according to the object of the auction.

7th October, 2011