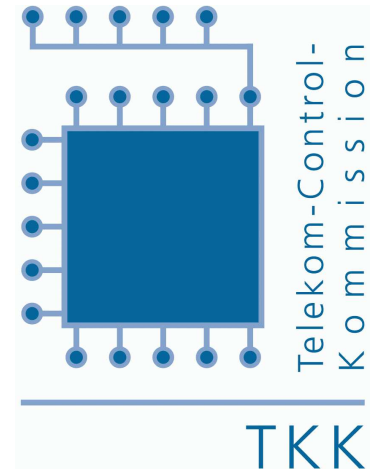


Telekom-Control Commission

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F 2/08



Vienna, July 25, 2008

**Tender Documentation
for Frequency Allocations
in the 450 MHz Band**

NON-BINDING TRANSLATION

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1 Introduction

The Telekom-Control Commission is conducting a procedure to allocate frequencies in the 450 MHz band in accordance with Art. 55 of the Austrian Telecommunications Act 2003 (TKG 2003). One frequency packet will be allocated for nationwide use. In this context, it is also necessary to refer to the tender procedure for frequencies in the 3.5 GHz band: The TKK intends to carry out the auction procedure for 3.5 GHz frequencies only once the high bidder has been determined in the procedure described here.

1.1 General conditions under Austrian law

This invitation to tender is being carried out on the basis of the Austrian Telecommunications Act 2003 (TKG 2003, Federal Law Gazette I No. 70/2003 as amended by Federal Law Gazette I No. 133/2005). In addition, Austrian procedural rules and regulations are also applicable, especially the General Administrative Procedures Act of 1991 (AVG; Federal Law Gazette No. 51 as amended by Federal Law Gazette I No. 5/2008).

The Telekom-Control Commission's responsibility for allocating frequencies under Art. 55 TKG 2003 is based on Art. 54 Par. 3 No. 2 in conjunction with Art. 117 No. 10 TKG 2003. Under Art. 54 Par. 3 No. 2, the regulatory authority is responsible for frequency allocation as well as changing and revoking allocations for those frequencies which are subject to a determination in the frequency usage plan under Art. 52 Par. 3.

This determination was made in the Ordinance of the Federal Minister of Transport, Innovation and Technology amending the Frequency Utilization Ordinance (Federal Law Gazette II No. 307/2005 as amended by Federal Law Gazette No. 121/2008). The Telekom-Control Commission's responsibility is based on this determination.

The frequency allocation procedure carried out by the regulatory authority is governed by Art. 55 TKG 2003.

1.1.1 Frequency allocation procedure

Under Art. 55 Par. 1 TKG 2003, the regulatory authority is to allocate the frequencies placed under its authority to the applicant who fulfills the general prerequisites under Par. 2 No. 2 (Art. 55 Par. 2 No. 2 TKG 2003) and ensures the most efficient use of the frequencies. This will be determined by the amount of the frequency license fee offered. The frequency allocation procedure is divided into two stages:

1. Once the applications have been submitted, the regulatory authority will check whether the prerequisites have been met in accordance with Art. 55 Par. 2 No. 2 TKG 2003 (cf. Section 5). In accordance with Art. 55 Par. 8 TKG 2003, those applicants who do not fulfill the prerequisites will be excluded from the frequency allocation procedure.
2. The second stage of the frequency allocation procedure will be carried out in the form of a sealed-bid auction. In this procedure, applicants are required to submit their bids along with their applications (cf. Section 2.7).

1.2 Allocation procedure schedule

The table below contains the most important dates in the allocation procedure.

Activity	Date	Reference
Publication of invitation to tender	July 25, 2008	
Questions for the Telekom-Control Commission: Deadline for receipt of questions Questions to be answered by	September 3, 2008, 10:00 am (CET) September 16, 2008	Section 6.4
End of tender submission period	October 10, 2008 / 12:00 noon (CET)	
Announcement of decision	Scheduled for October 2008	
Date of frequency allocation	Within 14 days of decision date	Section 2.8

TABLE 1: ALLOCATION PROCEDURE SCHEDULE

2 Frequency allocation procedure

2.1 Steps in the allocation procedure

As mentioned in Section 1.1, the frequency allocation procedure is divided into two stages. In the first stage, the regulatory authority will check whether the applications fulfill the criteria stipulated in Art. 55 Par. 2 No. 2 TKG 2003 (in accordance with Art. 55 Par. 1 and Par. 2 No. 2 TKG 2003). Those applicants who do not fulfill the prerequisites pursuant to Art. 55 Par. 2 No. 2 TKG 2003 will be excluded from the frequency allocation procedure in accordance with Art. 55 Par. 8 TKG 2003.

The second stage of the frequency allocation procedure will be carried out in the form of a sealed-bid auction. In this auction procedure, applicants are required to submit their bids along with their applications (cf. Section 2.7).

2.2 Objects of the auction

One frequency packet will be allocated (see Section 3). The frequencies will be auctioned off in the form of a concrete frequency packet.

Frequency packet *)	Frequency range / MHz
1	451.300-455.740 461.300-465.740

TABLE 2: FREQUENCY PACKET

*) See Section 3 for specific information on the terms of frequency use.

2.3 Submission of bids

Each applicant's bid in the auction procedure is to be submitted along with the respective application.

2.4 Bank guarantee

All applicants are to secure their bids (which must be submitted along with their applications) by means of an abstract bank guarantee payable at first demand from a bank in good credit standing. Bids which are not secured in full by a bank guarantee will not be considered valid under the auction rules in Section 2.7.

The bank guarantee's sole purpose provision must be the allocation of frequencies to the applicant in the course of this tender procedure. The guarantee must name the Federal Government of the Republic of Austria as beneficiary and be valid from the date of application until at least January 1, 2009. The bank guarantee is to be enclosed with the application.

Once the procedure has been completed, bank guarantees will be returned to those applicants to whom the requested frequencies are not allocated. For the applicant who does acquire the frequencies in this procedure, the bank guarantee will be returned once the frequency license fee has been paid in full.

2.5 Minimum bid in the auction

Under Art. 55 Par. 4 TKG 2003, the tender documentation can also include information on the minimum frequency license fee to be offered.

This information is to be based on the amount of the frequency allocation fees which are likely to be charged for the frequencies allocated. Under the Telecommunications Fees Ordinance (Federal Law Gazette II No. 29/1998 as last amended by Federal Law Gazette II No. 82/2008), the frequency allocation fees amount to EUR 998.69 for every 25 kHz (or part thereof) of spectrum allocated in telephone networks under Art. 3 No. 18 TKG 2003 for the provision of public mobile radio communications services, and for the allocation of frequencies in radio communications networks under Art. 7 by the telecommunications authority (Art. 54 Par. 3 No. 3 TKG 2003) for deployment throughout Austria. On the basis of the fees set in the Mobile Fees Ordinance, the minimum bid for each packet is shown below (in EUR):

Frequency packet	Minimum bid (EUR)
1	350.000

TABLE 3: MINIMUM BID AMOUNT

2.6 Terms of participation

The applicant must be a physical person or legal entity who/which is fully capable of entering into legally binding contracts as specified in Art. 9 of the Austrian General Administrative Procedures Act (AVG). Applicants must have their main place of residence (for legal entities: place of incorporation) in a country belonging to the European Economic Area.

2.7 Auction procedure

In the auction, only bids from applicants who are not excluded from the frequency allocation procedure in accordance with Art. 55 Par. 8 TKG 2003 will be taken into consideration.

The auction will be carried out in the form of a first-price sealed bid auction. Applicants are to submit bids for the auction procedure along with their applications. Bids (or changes) which are submitted later will be disregarded.

The frequencies will be allocated to the bidder who submits the highest valid bid. If two or more high bids of the same amount are submitted, then the bidder who submitted the application first will be allocated the frequencies. A bid will be considered valid if it is equal to or higher than the minimum bid of EUR 350,000.00 and is fully secured by a bank guarantee. The frequencies will be awarded at the bid amount.

The Telekom-Control Commission plans to publish the results of the auction on RTR's web site (www.rtr.at/frequenzen) in October 2008.

2.8 Frequency allocation

The frequencies will be allocated by the Telekom-Control Commission within 14 days after publication of the auction results.

3 Frequency spectrum

3.1 Frequency spectrum allocated

In the course of the frequency allocation procedure, frequency channels in the 450 MHz band which have been assigned to the regulatory authority by the Austrian Federal Minister of Transport, Innovation and Technology pursuant to Art. 51 Par. 3 TKG will be allocated to the applicants.

The available spectrum will be allocated in one frequency packet (see Table 4).

Frequency packet	Frequency range / MHz
1	451.300-455.740 461.300-465.740

TABLE 4: FREQUENCY PACKET

3.1.1 Broadband use

The terms of use indicated in Section 3.2 allow for use of this frequency packet for broadband services.

In this context, however, it is necessary to note that buffer distances must be observed at the upper and lower ends of the packet due to adjacent narrowband usage. It is generally possible to use these buffer channels, but it is important to ensure that such use does not cause harmful interference (protection of radio stations operating in adjacent frequency bands, analogous to Section 3.3.4).

One possible broadband use of the frequency packet is shown in Figure 1 for illustration purposes.

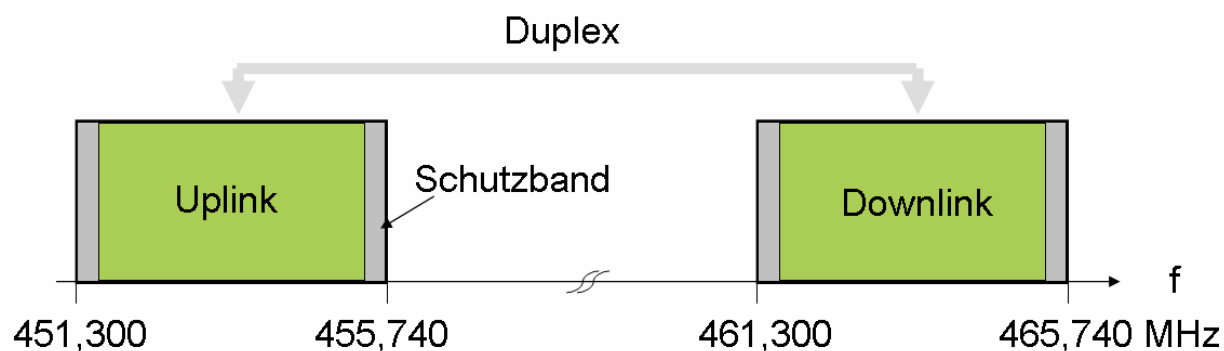


FIGURE 1: POSSIBLE BROADBAND USE

As defined in the terms of use below, the usability of the frequencies can be negatively affected by both domestic and foreign usage, meaning that it may not be possible (or only possible at greater expense) to cover individual regions with certain parts of the spectrum allocated.

3.1.2 Narrowband use

In principle, the regulatory authority aims to allocate frequencies in as technology-neutral a manner as possible. As the consultation carried out in 2005 revealed that potential licensees were primarily interested in using the spectrum for broadband purposes, and as the international coordination procedure for narrowband use of the frequency range has not yet been completed, only broadband use is possible at this time.

Enabling narrowband use of the frequency packet is planned for the future, but no specific statements as to the timing and terms of narrowband use can be made at this time.

3.2 Purpose of use

The frequency spectrum is intended for terrestrial mobile radio communications.

The frequency packet is intended for the wireless connection of subscribers for the purpose of providing public telecommunications services. The use of these frequencies to connect base stations is only permissible in cases where subscribers are provided with service via such base stations using the frequencies in question.

3.3 Terms of use

3.3.1 General information

According to the "Agreement between the Administrations of Austria, the Czech Republic, Germany, Hungary, [Italy,] Liechtenstein, the Slovak Republic, Slovenia and Switzerland concerning the allotment of preferential frequency blocks in the bands 450 – 457.400 MHz and 458.400 – 460.000 MHz as well as 460.000 – 467.400 MHz and 468.400 – 470.000 MHz, Vienna, 3 December 2004" (referred to below as "the agreement," see Annex D.1), the following conditions must be observed in using the frequency range 451.300 – 455.740 / 461.300 – 465.740 MHz for broadband services:

In areas bordering the countries for which the agreement has entered into force (see Section 3.3.3), the terms of use specified in Section 3 of the agreement are to be applied. Section 3 and the Annex to the agreement form an integral component of these terms of use. The calculation scheme described in Section 3.6 of the agreement "Harmonised Calculation Method – HCM official version" is available on the web site of the lead administration for the general coordination agreement with neighboring administrations, the HCM Agreement (Vilnius 2005; <http://hcm.bundesnetzagentur.de>). The topographical data necessary to use the HCM program (STM3_HCM_E...) and the "HCM Agreement (Vilnius 2005)" have also been published on that site.

3.3.2 Permitted field strength values and coordination obligations

3.3.2.1 In areas bordering countries for which the agreement has entered into force (Germany, Switzerland, Slovenia, Hungary, Czech Republic, Slovakia and Liechtenstein):

a) Base stations located 15 km or less from the national border can be put into operation without coordination if their field strength does not exceed the limit of

$$E_{\max} = 37[\text{dB}\mu\text{V} / \text{m} / 1,25\text{MHz}]$$

at a height of 10 m above ground level within 15 km in the respective neighboring country.

b) a) Base stations located more than 15 km from the national border can be put into operation without coordination if their field strength does not exceed the limit of

$$E_{\max} = 20[\text{dB}\mu\text{V} / \text{m} / 1,25\text{MHz}]$$

at a height of 10 m above ground level within 50 km in the respective neighboring country.

c) For cases in which the field strength limits under Section 3.3.2.1 a) or 3.3.2.1 b) are exceeded, the base stations can only be put into operation after successful coordination, a process which is carried out by the telecommunications authorities.

d) Foreign narrowband radio stations to be protected in accordance with the frequency list provided in Annex D.5 have to be protected against harmful interference caused by broadband services in Austria according to their antenna height by observing a field strength limit of

$$E_{\max} = 14[\text{dB}\mu\text{V} / \text{m}] + 10 \log \left(\frac{1250}{B_s [\text{kHz}]} \right) - G_A [\text{dB}]$$

B_s = Channel bandwidth of the narrowband radio station to be protected (kHz)

G_A = Antenna gain of the receiving station in the direction observed (dB)

e) In cases where interference is reported by neighboring administrations for narrowband radio stations not included in the frequency list in Annex D.5, such radio stations must be protected by reducing the field strength to the maximum permissible value according to the calculation formula above.

3.3.2.2 *In areas bordering countries for which the agreement has not entered into force (Italy and Croatia):*

For coordination with these administrations, the following conditions pursuant to the HCM Agreement (Vilnius 2005) are to be observed:

a) All base stations in border areas must be coordinated. The corresponding applications must be submitted to the relevant telecommunications office.

b) Broadband system operators should expect interference from radio stations in the area bordering Italy and in the respective areas affected by Croatia.

c) The narrowband radio stations in Italy and Croatia which are listed in Annex D.5 have to be protected in accordance with the HCM Agreement (Vilnius 2005) by observing a field strength limit of

$$E_{\max} = 20[\text{dB}\mu\text{V} / \text{m} / 25\text{kHz}] - G_A [\text{dB}]$$

G_A = Antenna gain of the receiving station in the direction observed (dB)

d) In cases where interference is reported by neighboring administrations for narrowband radio stations not included in the frequency list in Annex D.5, such radio stations must be protected in accordance with the HCM Agreement (Vilnius 2005).

3.3.3 Operator agreements

The terms of use indicated in Section 3.3 can be amended by agreements between the operators of broadband systems and the corresponding operators abroad. Such operator agreements require the consent of the respective telecommunications administrations.

3.3.4 Protection of domestic radio stations

The domestic radio stations listed in Annex D.4 are to be protected by limiting the interference field strength to a maximum of 20dB μ V/m (calculated using HCM in the respective area of use). Operators of broadband systems can also make individual arrangements with the respective permit holders. Should such arrangements result in changes to existing operating permits, it is necessary to contact the relevant telecommunications office (cf. Art. 84 TKG 2003).

3.3.5 Protection of directional receiver systems

In order to protect the stationary directional receiver systems of the telecommunications authorities (cf. Annex D.3), the maximum field strength created by radio transmission systems at the locations indicated must not exceed the limit of 105 dB μ V/m (measured at each system-specific bandwidth).

3.3.6 Data transmission – base stations

Data regarding the base stations in operation for broadband systems must be submitted on a quarterly basis to the Austrian Federal Ministry of Transport, Innovation and Technology (Highest Post and Telecommunications Authority) in the format specified in Annex 2 to the HCM Agreement (Vilnius 2005). Once the frequencies have been allocated by the regulatory authority, the Highest Post and Telecommunications Authority will provide the operators with details regarding Annex 2 to the HCM Agreement (Vilnius 2005).

3.3.7 Other relevant documents

As regards technical requirements for using the 451.300 – 455.740 / 461.300 – 465.740 MHz frequency range, the following CEPT decisions/recommendations, ECC reports and ETSI standards also apply:

- CEPT Decision ECC/DEC(02)03
- CEPT Decision ECC/DEC(04)06
- CEPT Decision ECC/DEC(06)06
- CEPT Recommendation T/R 25-08
- ECC Report 25
- ECC Report 39
- ECC Report 42
- ECC Report 97

- ECC Report 104
- ECC Report 108
- ETSI Standard EN 302 426
- ETSI Standard EN 301 449
- ETSI Standard EN 301 526

3.3.8 Duration of use

Under Art. 54 Par. 11 TKG 2003, frequencies can only be allocated for a limited period of time. The time period is to be defined according to reasonable objective and economic criteria. These frequencies will be allocated to the operator until December 31, 2023.

3.3.9 Transfer of frequencies

Under Art. 56 Par. 1 TKG 2003, operators are also permitted to transfer frequency usage rights. However, such transfers require prior approval by the regulatory authority. Transfers are to be understood as the sale of frequency use rights (in part or in full) as well as the leasing of such rights.

4 Coverage requirements

The frequency spectrum allocated is subject to the requirement that a certain minimum coverage quality is reached in a certain number of municipalities with low population density as of specified points in time.

Coverage requirements serve to ensure the efficient use of frequencies. These obligations are intended to prevent allocated frequencies from being hoarded or from being used only to a very limited extent in a few areas of the license region for strategic, competition-related reasons. Against the backdrop of existing broadband infrastructure (in urban regions) and due to the economic characteristics of the respective frequencies, a coverage requirement focusing on rural areas would appear appropriate. The coverage requirements are designed in such a way that they do not stand in the way of efficient network construction or profitable business models.

4.1 Relevant municipalities

Only the location points of the municipalities listed in Annex C are relevant to the fulfillment of the coverage requirements. The coverage of other municipalities (with high population density) is not affected by the coverage requirements, that is, there are no coverage requirements for those municipalities.

4.2 Number of municipalities to be covered

At least **230** of the relevant municipalities have to be covered by May 1, 2010, and at least **465** have to be covered by November 1, 2011.

4.3 Minimum coverage quality

A municipality will be considered covered once a data service with a data rate of at least **384 kbit/s** in the downlink and **128 kbit/s** in the uplink is offered commercially at all location points in the municipality (see Annex C). This quality level must be reached with the terminal equipment offered commercially by the operator.

4.4 Additional requirements

The planned services are to be offered commercially using an independently operated network.

Operators of public communications networks are entitled to the shared use of antenna masts and high-voltage power line masts under Art. 8 Par. 2 TKG 2003. In addition, operators of public communications services are entitled to enter into private-law agreements on sharing antennas as well as the accompanying cables with other operators of public communications networks.

4.5 Verification and review of coverage levels

Operators are required to determine their coverage areas as of the dates listed in Table 5 and to forward this data to the Telekom-Control Commission in electronic form within two months. The following information must be included in these reports:

- A list of all radio base station locations, including geocoded data (GIS format);
- Map representation of areas covered (GIS format);
- A list of municipalities covered (including municipality IDs as specified by Statistics Austria).

4.6 Guarantee in case of non-fulfillment of coverage requirements

If the required number of relevant municipalities is not reached by the dates listed in Table 5, a guarantee amount must be paid as of each cutoff date.

Cutoff date	Relevant municipalities to be covered	Guarantee amount (EUR)
May 1, 2010	230	3,000,000.00
Annually from November 1, 2011 to December 31, 2023	465	5,000,000.00

Table 5: Cutoff dates for coverage review – guarantee amounts (EUR)

This guarantee amount is based on a coverage level of 0%. If an operator falls short of the required coverage level, the penalty will be reduced in proportion to the coverage level reached.

For example, if an operator falls short of the required number of covered municipalities by 10%, the penalty will be 10% of the amount indicated above.

The Telekom-Control Commission will take measurements to verify coverage levels. The costs of this verification process are to be borne by the frequency allocation holder.

This penalty will be due annually starting on November 1, 2011 if the operator does not reach the required coverage level.

4.7 Penalty for early return of frequencies

With regard to frequency administration, the Telecommunications Act 2003 stipulates the objective of ensuring the most efficient possible use of frequencies. Accordingly, Art. 1 Par. 2 No. 2d stipulates that regulatory measures are to ensure the efficient use and effective administration of frequencies. Art. 55 also reflects this fundamental objective by stipulating that frequencies are to be allocated to the applicant who ensures the most efficient use. Finally, it is

also necessary to refer to Art. 54 Par. 12 TKG 2003, which states that a frequency license may be revoked if the licensed frequency is not used for the intended purpose within six months of licensing or if usage is interrupted for more than six months.

The provisions cited above clearly demonstrate that one objective of the TKG 2003 is to prevent the non-use of allocated frequencies, as the frequencies would be removed from the market in such a case.

In order to ensure that these objectives of the TKG 2003 are fulfilled, the regulatory authority has made arrangements for cases in which an allocation holder fails to use allocated frequencies and returns such frequencies to the regulatory authority. The purpose of these regulations is to provide allocation holders with an incentive to return frequencies early so that they can be made available to the market once again in such cases.

If frequencies are returned to the regulatory authority before the coverage measurement date, a penalty will be imposed on the basis of the time at which the frequencies are returned.

Return date	before May 1, 2009	before November 1, 2009	before May 1, 2010
Penalty	-	1,000,000. 00	1,500,000. 00

TABLE 6: PENALTY AMOUNTS FOR EARLY RETURN OF FREQUENCIES

If the frequencies are returned prior to May 1, 2009, no penalty will be imposed. Between May 1, 2009 and November 1, 2009, a penalty of EUR 1,000,000.00 will be charged; this penalty will be increased to 1,500,000.00 if frequencies are returned between November 1, 2009 and May 1, 2010.

4.8 Supervisory rights

Operators to which frequencies are allocated will be required to convey the following data to the Telekom-Control Commission within two months of each cutoff date listed above for coverage requirements. The data is to be submitted in electronic form and using a data model provided by the Telekom-Control Commission:

- a) Number of subscribers;
- b) Information under Section 4.5.

The Telekom-Control Commission will take measurements to verify coverage levels. The costs of this verification process are to be borne by the holder of the frequency usage rights.

5 Application documents

Under Art. 55 Par. 1 TKG 2003, the regulatory authority is to allocate the frequencies placed under its authority to applicants who fulfill the general prerequisites under Par. 2 No. 2 leg. cit. Applications for frequency allocations are to contain the documents and information listed in the following sections:

5.1 Organizational structure

In order to determine whether applicants fulfill the prerequisites indicated in Art. 55 Par. 2 No. 2 TKG, the Commission will require information on the applicant's organizational structure. This information includes precise indications as to the applicant's legal and financial situation as well as the applicant's ownership structure.

The applications are to contain the following information (wherever applicable):

5.1.1 Information on the applicant

- a) Name (company), place of incorporation (address), date and place of establishment including a current excerpt from the Commercial Register (or from a comparable register maintained in the applicant's country of incorporation and equivalent to the Austrian Commercial Register);
- b) Type and number of capital shares, nominal value of capital shares as well as voting and dividend rights associated with any and all types of shares;
- c) Subscribed capital per type of capital share, precise information on the stakeholders at the time the application is submitted, as well as any and all foreseeable changes in this respect;
- d) Number, value and rights (including conversion rights) of any and all options, certificates of entitlement, preferred stock or debt capital as well as any other securities issued by the applicant;
- e) The company's articles of incorporation in their current version;
- f) A description of the applicant's business activities;
- g) The name of the applicant's authorized recipient, who must fulfill the requirements set forth in Art. 9 of the Austrian Service of Documents Act (ZustG), as well as that of an authorized representative (as defined in Art. 10 AVG) along with his/her telephone and fax numbers as well as postal and e-mail addresses (cf. Section 6.3 of this document). These two parties can be the same person;
- h) Any and all other information which, if mentioned or omitted, could substantially influence the Telekom-Control Commission's decision in the review to be carried out prior to the frequency allocation procedure in compliance with Art. 55 Par. 2 No. 2 TKG 2003.

Should the information indicated above not be provided in its entirety, the Telekom-Control Commission will request the missing information as it deems necessary for the purpose of

making a decision. In this context, the Telekom-Control Commission may also request additional information as necessary for this purpose.

5.1.2 Information on the applicant's stakeholders, shareholders, etc.

For each stakeholder, shareholder, bearer of options, of certificates of entitlement, of preferred stock, of debt capital or of other securities issued by the applicant, the information indicated under Items a) to d) in Section 5.1.1. (with the required information under Item d) referring to the respective company instead of the applicant) as well as f) and h) is to be submitted wherever applicable.

In addition, the following is to be indicated/described for each of these parties:

- i) Relationship to the applicant (e.g., number and type of capital shares or securities held), syndicate / consortium agreements;
- j) Group parent company/companies, superordinate group company/companies (where applicable).

In cases where capital shares or other securities issued by the applicant are held for a third party by persons acting as trustees or in other similar functions, these circumstances are to be noted in the application, and the aforementioned details are to be provided for the actual economic owner.

5.1.3 Additional description of ownership structure for superordinate companies holding substantial interests

In the event that multiple superordinate stakeholders (e.g., shareholders, bearers of options, of certificates of entitlement, of preferred stock, of debt capital or of other securities issued by the applicant) hold a *consolidated* interest of 25% or more in the applicant (ultimate owner principle) without holding a *direct* stake in the applicant, these interests must be described in the application.

In this context, the information required in Section 5.1.2. of this document is to be provided on each company which holds a consolidated interest of at least 25% in the applicant, regardless of the superordinate level at which this interest is held.

Therefore, the information required in Section 5.1.2 of this document must also be provided for companies which hold a stake of 25% or more in the applicant not through a specific investment in *one* of the companies superordinate to the applicant but through consolidation of *multiple* superordinate interests in *multiple* companies superordinate to the applicant.

In cases where capital shares or other securities issued by the applicant which correspond to an interest of 25% or more – even if these are held indirectly through superordinate interests – are held for third parties by persons acting as trustees or in another similar function, these circumstances are to be noted in the application, and the aforementioned details are to be provided on the actual economic owner.

The information required in this section can be illustrated using tables or diagrams which show direct and indirect interests as well as the type of control over the applicant (especially the type of interest held). In depicting such interests, applicants are to ensure that these depictions enable the Telekom-Control Commission to identify any economic interrelationships through which one applicant may exert substantial competitive influence on another applicant (or other applicants) directly or indirectly.

Should the information indicated above not be provided in its entirety, the Telekom-Control Commission will request the missing information as it deems necessary for the purpose of making a decision. In this context, the Telekom-Control Commission may also request additional information as necessary for this purpose.

5.1.4 Information on consortia

In the case of consortia or joint ventures, the following additional information will be necessary:

The type of relationship among the members as well as detailed information on:

- Syndicate agreements, consortium agreements;
- Joint venture agreements;
- Declarations of intent;
- Stakeholder agreements.

In addition, the information indicated in Section 5.1.2 is to be included in the application for all consortium members.

Should the information indicated above not be provided in its entirety, the Telekom-Control Commission will request the missing information as it deems necessary for the purpose of making a decision. In this context, the Telekom-Control Commission may also request additional information as necessary for this purpose.

5.2 Technical capabilities, quality of services and coverage requirements

Under Art. 55 Par. 2 No. 2 TKG 2003, there must be no reason to believe that the applicant will fail to provide the planned service, especially with regard to service quality and coverage requirements. In addition, the applicant must possess the technical capabilities necessary to provide such services. The information required in the following sections is intended to aid the regulatory authority in reviewing these prerequisites.

5.2.1 Description of planned services and service quality

The following information is required:

- Description of planned services;
- Data rates;
- Quality of services (reliability).

5.2.2 Planned radio communications network

The following information is required:

- Technology planned for the radio communications system;
- Radio network planning methods.

5.3 Financial strength

Applicants will be required to prove that they have the financial resources necessary to build and operate a radio communications network.

In this context, applicants should pay special attention to the fact that their financial strength and stability must also be in line with the amount of the frequency license fee offered.

With regard to financial strength, application documents are to contain the following information:

5.3.1 Business plan / balance sheet

Applicants are to submit a business plan for the business area(s) in which the frequencies applied for are to be used, based on their strategy, their overall market assessment as well as their estimates of business operations in the three (3) years after frequency allocation.

The business plan can be structured in any way the applicant chooses. However, the most essential costs and revenues should be clearly visible in this structure (see Annex A).

In any case, a bank guarantee (original document) is also to be enclosed with the application. Details on the bank guarantee can be found in Section 2.4.

5.3.2 Financing

Applicants will also be required to provide evidence that they can raise capital in line with the business plan described in the application. For this purpose, the following information is required:

Equity financing: Schedule and sources of equity capital, including planned issues of company capital

Debt financing: Credit lines, available collateral, terms and lenders for all loans in the first four years after frequency allocation

5.4 Declaration of completeness

Properly completed written applications must contain all of the information required in Section 5. In addition, a declaration of completeness (Annex B) is to be enclosed with the application to confirm that it contains complete and accurate indications of all information requested in this tender document as well as all information relevant to the Telekom-Control Commission's evaluation of the objective facts.

6 Practical information

The following sections contain information on the deadlines to be observed as well as other essential issues in the allocation procedure.

6.1 Rights to application documents

In submitting an application for frequency allocation, the applicant irrevocably agrees to allow the Telekom-Control Commission to use – without restriction – all information and documents received in connection with the application for the purposes of the allocation procedure, for the review of compliance with the official allocation decision, and for all procedures otherwise associated with the frequency allocation.

6.2 Applications for frequency allocation

Please send applications to:

Telekom-Control Commission

Mariahilfer Strasse 77-79

A-1060 Vienna

Austria

The complete application for frequency allocation (referred to as the "application") must be received by the Telekom-Control Commission in a sealed envelope or package labeled "Application for Frequency Allocation – 450 MHz" by October 10, 2008, at 12:00 noon local time (CET). Applications received after the deadline will not be reviewed.

Applications are to be submitted in writing (one original) in German language as well as in electronic format (CD-ROM).

The amendment or withdrawal of applications after the application deadline will not be permitted.

The application may be no longer than 100 pages in a 12-point font; there is no font requirement for Annex A. However, additional enclosures such as annual reports and maps can be attached as necessary. These enclosures will also be accepted in English.

6.3 Authorized recipient

Applicants are required to name an authorized recipient in their applications in accordance with Art. 9 of the Austrian Service of Documents Act (ZustG; cf. Section 5.1.1). An unrestricted authorization of the recipient must be signed by official representatives of the company and included with the application documents. In cases where the recipient is changed, a new unrestricted authorization is to be sent to the Telekom-Control Commission without delay. In order to facilitate correspondence between the authority and the applicant, applicants are advised to nominate an authorized recipient with his/her main residence in Austria for the sake of efficiency in the procedure.

6.4 Clarifications

For the purpose of preparing their applications, interested parties who have paid the fee of EUR 200.00 for the provision of tender documentation will be allowed to submit questions to the Telekom-Control Commission regarding the tender documentation during a question-and-answer period. The Telekom-Control Commission reserves the right to decide whether questions are answered in each individual case.

Questions for the Telekom-Control Commission can be sent – by e-mail only – to rtr@rtr.at with the subject "QUESTION: 450 MHz allocation / TTK" until September 3, 2008 at 10:00 am local time (CET; this refers to the date and time of receipt). Questions will be answered in writing by September 16, 2008 (date of dispatch).

The questions submitted to the Telekom-Control Commission will be collected and forwarded, along with their answers, to all potential bidders without disclosure of the names of the parties who posed the questions.

If the Telekom-Control Commission considers it necessary or appropriate to pose questions to applicants, the applicant irrevocably agrees in submitting the application to reply to such inquiries and submit the requested additional information within the appropriate period specified in each case by the Telekom-Control Commission.

6.5 Inquiries and consultants

In this tender procedure, the Telekom-Control Commission may call in consultants in the course of its inquiries and surveys (Art. 55 Par. 11 TKG 2003). This also applies (but in no way exclusively) to inquiries related to the clarification issues mentioned in Section 6.4, inquiries related to the review of eligibility criteria under Art. 55 Par. 2 No. 2 TKG 2003, and support in the course of the auction procedure.

6.6 Inspection of records

Upon request, all applicants will be allowed to inspect records to the same extent. No separate appeals against the refusal to allow an inspection of records will be permitted (Art. 17 AVG).

The Telekom-Control Commission acknowledges the fact that in the course of this procedure a large amount of information will be provided and that the inspection of these records may damage the legitimate interests of parties to the procedure or those of third parties. In addition, the procedure may involve information which, if viewed by one of the parties, could endanger the fulfillment of the regulatory authority's duties or frustrate the purpose of the procedure. The

Telekom-Control Commission thus reserves the right to deny parties the right to inspect such parts of the records.

In order to ensure the confidentiality of sensitive information provided by the applicants, the applicants are to label all data regarded as company or trade secrets accordingly in their applications. In addition, a copy of the application is to be submitted in which the company and trade secrets have been omitted; in this version of the application, it must be made obvious that those elements have been removed. The Telekom-Control Commission furthermore reserves the right to deny parties the right to inspect other records pursuant to Art. 17 Par. 3 AVG. Likewise, the Telekom-Control Commission reserves the right to allow the inspection of records which are labeled by the applicants as company or trade secrets if damage to the legitimate interests of a party or third party is not expected to arise from allowing such an inspection.

Art. 125 TKG 2003 as well as Austrian Administrative Court Ruling 2002/03/0273 of February 25, 2004 shall be applied with regard to company or trade secrets.

The applicants undertake to use any information on other applicants obtained in the course of this procedure exclusively for the purposes of the procedure.

6.7 Review and information obligations

All applicants are requested to review the information provided in the tender documents and in the enclosures/attachments themselves and to notify the Telekom-Control Commission of any and all additional (e.g., technical) remarks or corrections.

6.8 Publication

The Telekom-Control Commission intends to announce the results of the auction on the regulatory authority's web site.

6.9 Annulment of the invitation to tender, discontinuation of the procedure

Under Art. 55 Par. 12 TKG 2003, the regulatory authority is authorized to annul the invitation to tender and discontinue the procedure at any stage for important reasons, especially if

1. the regulatory authority identifies collusive behavior among applicants and/or an efficient, fair and non-discriminatory procedure cannot be conducted;
2. none or only one of the applicants fulfills the requirements under Art. 55 Par. 2 TKG 2003;
3. none or only one of the applicants who fulfills the requirements under Art. 55 Par. 2 TKG 2003 actually participates in determining the high bid;
4. the procedure results in the applicants requesting less frequency spectrum than the amount to be allocated.

None of these circumstances justify any claim to remuneration, government authority liability claims notwithstanding.

7 Fees

7.1 Frequency license fee

The successful applicants are to effect payment of the frequency license fee determined in the course of the auction immediately (**receipt** in the specified bank account in EUR **within one calendar week** at the latest) after the frequency allocation decision takes legal effect.

The frequency license fee does not include value-added tax.

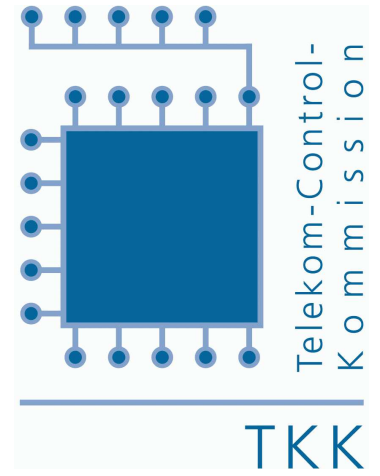
In the case of non-payment (including delayed or incomplete payments) of the frequency license fee, the frequency allocation will be rendered void. Notwithstanding the condition mentioned above, the Federal Republic of Austria shall have the right in such cases to draw the bank guarantee or to collect the unpaid portion of the frequency license fee by means of administrative enforcement.

7.2 Spectrum fees

In accordance with Art. 82 Par. 2 TKG 2003, spectrum fees for the use of frequencies are also to be paid by the network operators. These fees are defined in the Telecommunications Fees Ordinance (Federal Law Gazette II No. 29/1998 as last amended by Federal Law Gazette II No. 82/2008). These fees will be prescribed by the Telecommunications Offices when the operation permit is issued.

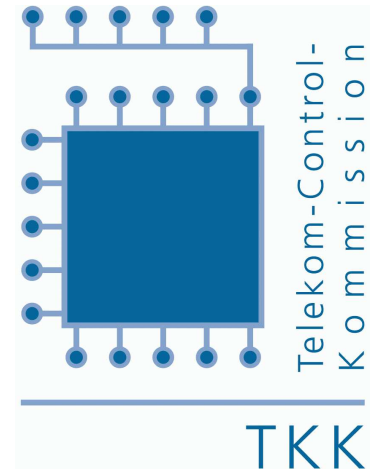
7.3 Consultancy costs

In the course of the procedure, any and all costs arising from experts or consultants called in by the Telekom-Control Commission at any point in the procedure are to be paid on a *pro rata* basis by those applicants to whom frequencies are allocated (Art. 55 Par. 11 TKG 2003). These costs will be prescribed in the official frequency allocation decision and are to be paid within 14 days of receipt of the official decision.



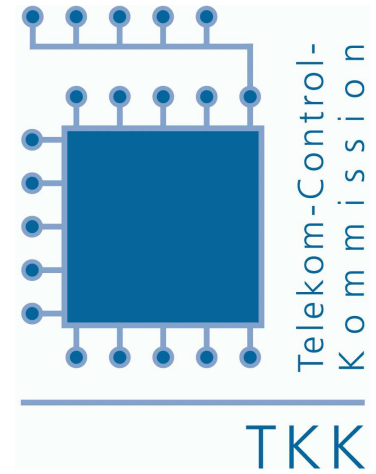
Annex A

Business plan



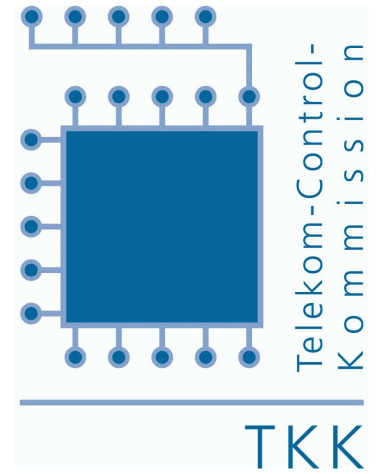
Annex B

Declaration of completeness



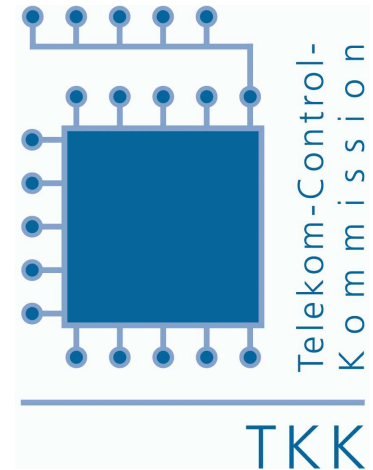
Annex C

Relevant municipalities



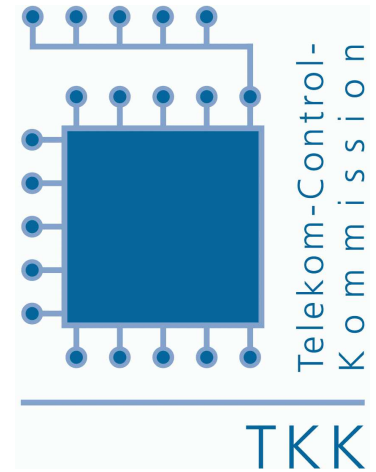
Annex D

Annexes regarding terms of frequency use



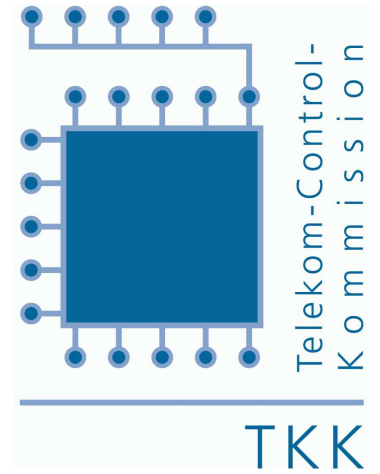
Annex D.1

Agreement between the Administrations of Austria, the Czech Republic, Germany, Hungary, [Italy,] Liechtenstein, the Slovak Republic, Slovenia and Switzerland concerning the allotment of preferential frequency blocks in the bands 450.000 – 457.400 MHz and 458.400 – 460.000 MHz as well as 460.000 – 467.400 MHz and 468.400 – 470.000 MHz



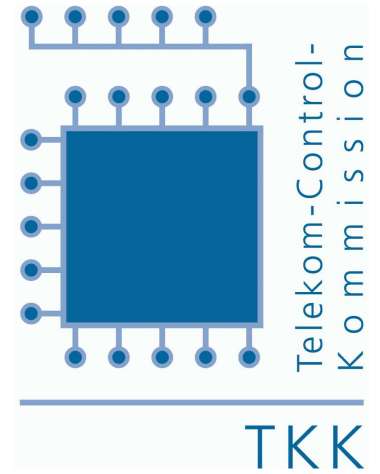
Annex D.2

Annex 2 and Annex 6 to the HCM Agreement (Vilnius 2005): *Data exchange in the Land Mobile Service and Coding instructions for antenna diagrams in the Land Mobile Service*



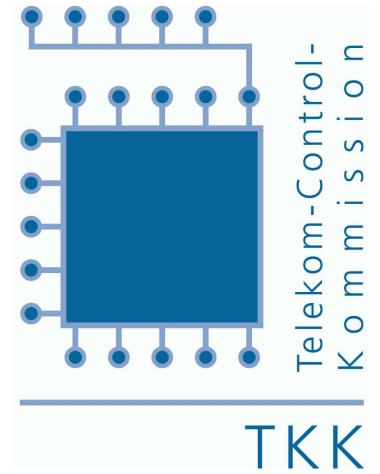
Annex D.3

Protection of directional receiver systems



Annex D.4

Protection of operational radio stations in Austria



Annex D.5

Protection of coordinated radio stations outside Austria