

IDA'S POLICY CLARIFICATION

POLICY CLARIFICATION IN RESPECT OF:

- (I) CHANGE IN RESERVE PRICE;**
- (II) MORATORIUM ON ALLOCATION OF UNSOLD 3G SPECTRUM RIGHTS;**
- (III) NATIONWIDE 3G NETWORK ROLLOUT;**
- (IV) DURATION OF 3G SPECTRUM RIGHTS AND 3G FACILITIES-BASED OPERATOR LICENCES; AND**
- (V) ROAMING ONTO EXISTING PUBLIC CELLULAR MOBILE TELEPHONE SERVICES NETWORKS**

(I) Change in Reserve Price

In light of uncertain market conditions for the 3G mobile communication market and to address industry concerns over higher financing costs, IDA has reviewed the level of the Reserve Price and decided to reduce it from the S\$150 million announced earlier to S\$100 million. This review factored in revised inputs from IDA's economic consultants, current pricing trends in recent international 3G auctions, and feedback from interested parties.

(II) Moratorium on allocation of unsold 3G Spectrum Rights

To give assurance to Bidders in this Auction for 3G Spectrum Rights, IDA will not allocate any remaining 3G Spectrum Right not granted under this Auction, for less than the Reserve Price of S\$100 million (which price is inclusive of goods and services tax) before 1 January 2006.

Furthermore, IDA will not allocate any of the 3G Spectrum Rights not granted under this Auction for a period of at least one year after the grant of the last 3G Spectrum Right allocated in this Auction.

(III) Nationwide 3G network rollout

In light of market developments and reports of potential delays in the availability of 3G network equipment and handsets, IDA will revise the licensing requirement deadline for nationwide 3G network rollout from 31 December 2003 to 31 December 2004. IDA will also monitor 3G market developments during the year, and taking into account the situation in the equipment market and the ability of the early movers in Europe to meet their rollout commitments, will review by 31 December 2001 whether

the 31 December 2004 deadline should be further revised to allow 3G licensees a little more time to achieve nationwide rollout.

(IV) Duration of 3G Spectrum Rights and 3G Facilities-Based Operator Licences

Considering that there may be delays in the launch of 3G services, the 3G Spectrum Rights allocated in this Auction and the 3G Facilities-Based Operator (FBO) licences granted accordingly will be valid until 31 December 2021.

(V) Roaming onto existing Public Cellular Mobile Telephone Services Networks

As a condition of a Bidder's participation in this Auction for 3G Spectrum Rights, if a Bidder or a member of a Bidder's group (which is broadly defined for such purposes) currently operates Public Cellular Mobile Telephone Services (PCMTS) networks in Singapore, that person must accept the insertion of a roaming condition in its existing FBO licence, and agree to offer roaming services to new 3G entrants and negotiate appropriate roaming agreements with new 3G entrants for such purposes.

If existing FBO licensees operating PCMTS networks wish to participate in this Auction as a Bidder or as a member of a Bidder's group, IDA will require them to agree to a modification of their existing FBO licences, obliging them to offer new 3G entrants roaming services on their PCMTS networks and to negotiate appropriate roaming agreements with such new 3G entrants. The licence modification condition will come into effect on the date the existing FBO licensee operating a PCMTS network is awarded a 3G Spectrum Right (whether directly or indirectly through group companies). If agreement cannot be reached in negotiations between an existing FBO licensee operating PCMTS networks and a new 3G entrant within ninety days, IDA will intervene.

Any roaming agreement reached through IDA's intervention will expire on the earlier of (a) the end of three years from the date of the roaming agreement or (b) the end of the nationwide 3G network rollout as set by IDA. IDA intends to permit the parties to extend the roaming agreement for an additional year, subject to the parties commercially agreeing on the applicable rates for that year.

In addition, IDA intends to issue a regulatory framework which will, inter alia, set out the minimum obligations with which existing FBO licensees operating PCMTS networks must comply with in offering roaming services, the minimum terms that must be included in roaming agreements, IDA's determined charges and charging principles, and the applicable procedures to govern the negotiation, entry, implementation, resolution of disputes, and enforcement of roaming agreements. IDA intends to seek industry consultation on the regulatory framework, which will be issued as a code of practice.

IDA is aware of concerns that mobile virtual network operators should not be able to benefit from such roaming provisions, and will address this issue in the regulatory framework relating to roaming.

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