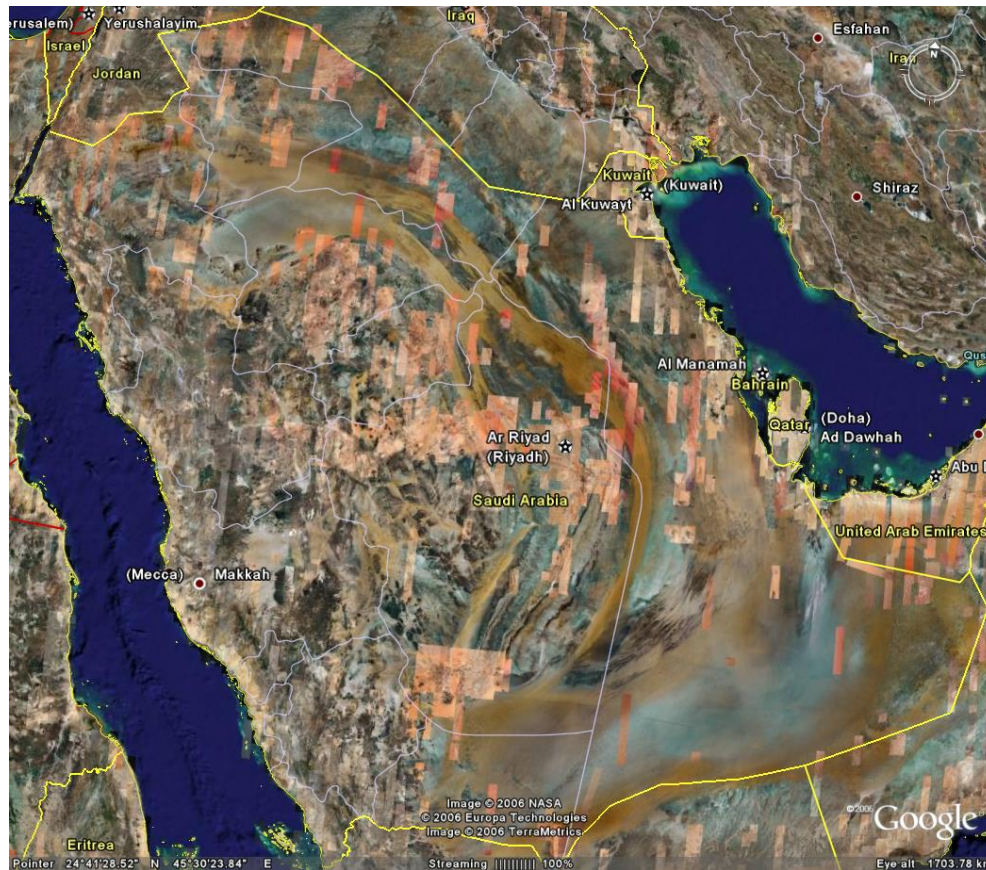




# Deregulation in The Kingdom of Saudi Arabia

# [ The Kingdom ]



# [ History ]

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- One additional Mobile License granted.
- Two additional Data Licenses granted with Facilities rights.
- Low Penetration Figures for mobile as well as fixed services.
- Vision to Increase broadband penetration in particular and communication in general.

# [ The Requirements ]

- Technical and operation experience: Length and breadth of experience with technologies, rollouts and operations on a similar or greater scale;
- Service experience: Scope of fixed and/or mobile voice and data telecommunications services provided;
- Customer base: Number and type of subscribers by segment and market, including market share achieved; and Length of experience: Length of relevant experience in each market.

# [ The Requirements ]

- Network plan: The network plan should include the overall infrastructure, network configuration, equipment/facilities to be deployed, proposed access mechanisms, interconnection, security and technologies to be used. It should also provide for the incorporation of future technologies where applicable.
- Use of incumbent's facilities: The network plan should indicate any planned usage of the incumbent's facilities.

# [ The Requirements ]

- Timetable and extent of launch including services offered;
- Number, location and capacity of Points of Presence;
- Interconnections with other networks;
- Any plan for an international gateway;
- Any other key facilities.

# [ The Requirements ]

- Applicants must commit to meet the MRO to provide Coverage of the population in each of the Provinces within seven (7) years of Effective Date of the License, based on the following schedule:
  - 3 Years from the Effective Date - MRO in 3 Provinces
  - 5 Years from the Effective Date - MRO in 7 Provinces
  - 7 Years from the Effective Date - MRO in 13 Provinces

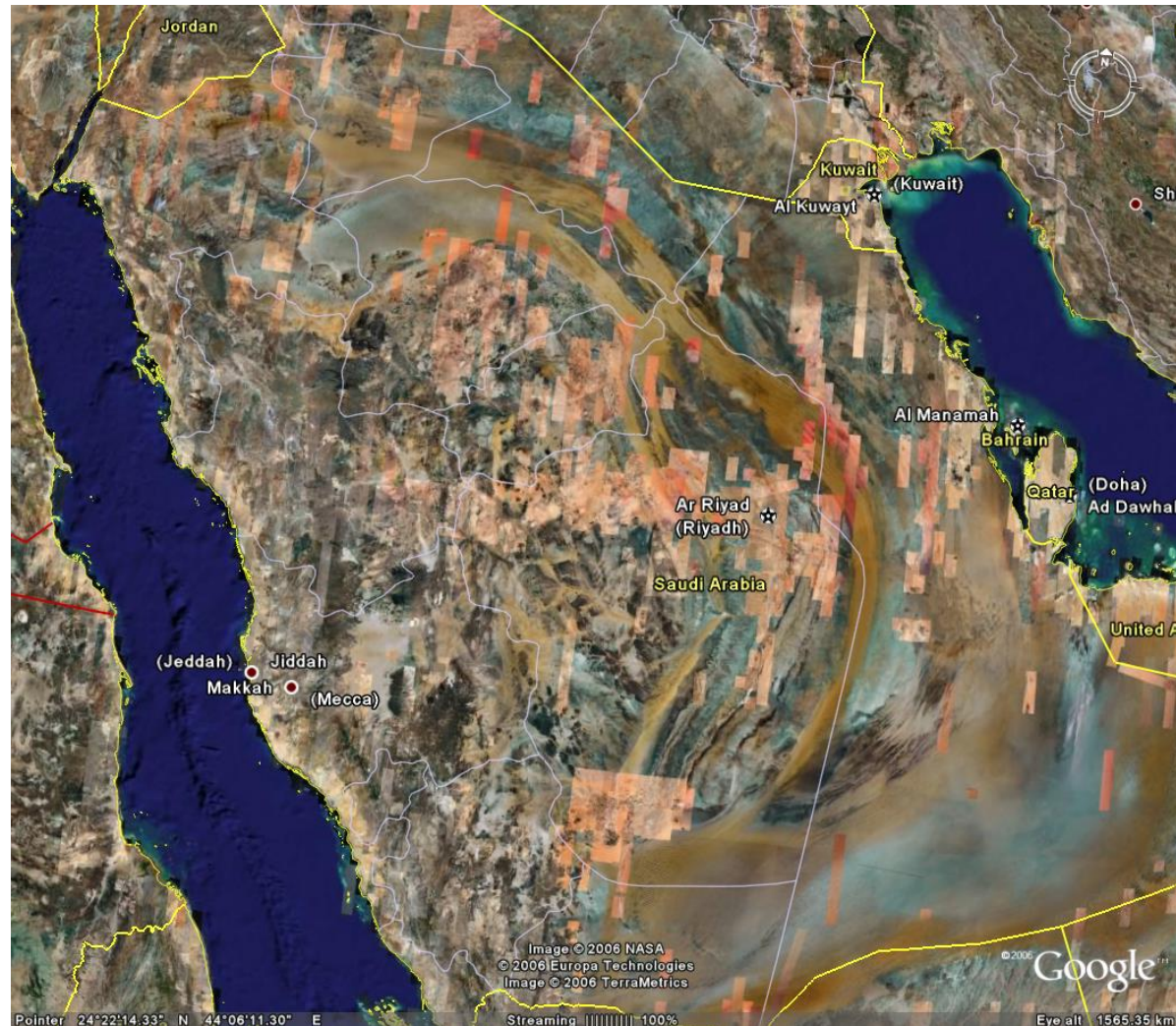
# [ The Requirements ]

- The Coverage can be provided using wireline and/or wireless access networks based on the following formula:  
     $C\% = 5 X\% + Y\%$  where  
     $C\% = 15\%$   
     $X\% = \%$  population Coverage using wireline access network,  
and  
     $Y\% = \%$  population Coverage using wireless access network
- Network Rollout Obligations shall not be met by serving Subscribers through local loop unbundling or carrier selection.
- Qualified Applicants who were not able to secure any/all of the requested spectrum in their Application, but wish to obtain a Fixed FBP license, will still need to fulfill the Minimum Rollout Obligations as stated in this Clause.



# [ The Network (13 Districts) ]

- Riyadh
- Makkah
- Jazan
- Eastern Province
- Asir
- Qaseem
- Hail
- Madinah
- Baha
- Northern Borders
- Tabuk
- Najran
- Jouf



# [ The Spectrum ]

- Lot Type 1: 2500-2686 MHz – TDD ( 8 Lots of 5 MHz);
- Lot Type 2: 3400-3600 MHz – FDD (4 Lots of 2x7 MHz);
- Lot Type 3: 3600-3800 MHz – TDD (19 Lots of 3.5 MHz);
- Lot Type 4: 3600-3800 MHz – FDD (5 Lots of 2x3.5 MHz);



- ISM Band also available free for use (Does this need to be said?)

# [ Learned from Other's Mistakes ]

- Minimum Network Deployment requirement
- Minimum Financial Capability of 200m USD required
- Large market so Auction for Spectrum on a Lot basis

# [ Pitfalls ]

- Green fielders are being discouraged.
- Requirement to have minimum shareholding from an established operator with operations in at least two countries. Disqualifies all regional operators that are not Incumbents, and even most Incumbents.
- International Operators not interested in Investing into a long term commitment fixed network. Participation of such operators is based on free shareholding and management contracts on a cash basis.