

June 29, 2007

The Chief Executive Officer
Celtel Nigeria Limited
Plot 1676 Olakunle Bakare Close
Off Sanusi Fafunwa Street
Victoria Island, Lagos.

Dear Sir,

ISSUANCE OF DIRECTION TO CELTEL NIGERIA LIMITED PURSUANT TO SECTION 53 (1) OF THE NIGERIAN COMMUNICATIONS ACT, 2003

WHEREAS:

1. By virtue of the provision of Section 104 (a) of the Nigerian Communications Act, 2003 (NCA, 2003) all service providers shall in respect of their specific services meet such minimum standards of quality of service as the Commission may from time to time specify and publish;
2. By virtue of Condition 30.2 of the Digital Mobile Licence (DML) granted to Celtel Nigeria Limited, Celtel shall provide good, efficient and continuous service that meets grade of service thresholds periodically specified by the Commission.
3. In accordance with **Section 104 (a) NCA, 2003**, Condition 30.1 – 30.3 of the DML and other relevant guidelines, the Commission had specified and published the quality of service indicators for mobile services;

4. By its letter dated May 26, 2006 the Commission forwarded the agreed and final version of the QoS indicators to all mobile operators including Celtel for implementation.

AND WHEREAS:

1. By a notice of intention to issue a Direction dated June 14, 2007 issued to Celtel by the Commission, Celtel was mandated to within 7 days comply with the agreed quality of service parameters and submit to the Commission on a weekly basis the report of its achievements on the stated parameters; suspend all current promotions until such time as Celtel achieves an acceptable quality of service level and will be required to compensate subscribers on its network as long as the poor quality of service subsists.
2. By its letter dated June 19, 2007 Celtel responded to the said notice of intention to issue Direction.
3. In its said response Celtel *inter alia* submitted that;
 - i. That contrary to the Commission's claim, the QoS inadequacies are not traceable to recent promotional activities.
 - ii. Capacity utilization on the Celtel radio and core networks has remained within 60% since 2007.
 - iii. Celtel requires clarification from the Commission on call retention ratio, call completion rate amongst other issues.
 - iv. That suspension of promotion is unjustifiable and inequitable.

4. The Commission reviewed the reasons advanced by Celtel and states that although some of the causes of poor quality of service are outside Celtel's powers, however through its promotions and introduction of services without recourse to its network capacity, Celtel has contributed to a large degree to the current unsatisfactory level of service.

NOW THEREFORE:

1. The Commission having duly deliberated on this matter found that Celtel has not complied with the quality of service threshold specified by the Commission;
2. The Commission states that call retention ratio with a minimum at 98% of successful call setup is the same as call drop rate of not more than 2% published in the QoS indicators for mobile services. Call completion rate also has the same meaning as published in the indicators.
3. In exercise of its powers contained in Sections 4 (1) (b), 53 of the NCA, 2003 and Condition 30.3 of the Digital Mobile Licence, the Commission having also considered the appeal of Celtel, hereby **issues Direction** as follows:
 - A. That Celtel should comply with quality of service parameters stated in the said notice of intention to issue a Direction and should submit to the Commission on weekly basis a report of its achievements on these parameters for an initial period of ninety (90) days or until the QoS improves. The Commission expects to receive the first report on 9th of July 2007;

- B. (i) That Celtel should immediately suspend its current promotion tagged "Sunday free Calls Bonus" until such a time as QoS improves on its network. This suspension should be widely advertised to prevent further degradation by subscribers trying to access this promotion.
- (ii) That Celtel should not embark on any future promotional activities geared towards encouraging more minutes of calls in excess of its current capacity for a period of ninety (90) days in the first instance.
- (iii) The Direction not to embark on future promotional activities in B (i) & (ii) above may be subject to a thirty (30) day review so as to monitor improvements in the quality of service level.

In the event that Celtel fails to comply with this Direction, the Commission shall in accordance with the Nigerian Communications (Enforcement Processes etc) Regulations 2005 impose a fine in the sum of =N=5, 000, 000. 00 (five million naira only) and a further sum of N500, 000.00 (five hundred thousand naira only) per day that such penalty remains unpaid and for as long as the contravention persists.

DATED THIS 29th DAY OF June 2007

PP: NIGERIAN COMMUNICATIONS COMMISSION

FELIX ADEOYE
Commission Secretary