



Auction for Three Digital Mobile Licences in Nigeria

**Bidder Briefing VERSION 2.0, Borno Room,
Abuja Nicon Hilton, 10.00pm,
16th January 2001**

Engr. Ernest Ndukwe, Executive Vice Chairman, NCC

Bidder Compliance

Bidder Compliance Certificate, Part A, Section 5.2.vi

The Bidder will not collude or otherwise manipulate or attempt to manipulate the outcome of the Auction with any other Bidder in respect of any other Bidder, and shall not from the time of submission of this Application disclose or obtain or seek to obtain any Confidential Information in relation to any other Bidder.

Auction process - overview



Countdown to start of Auction

■ Tuesday

- Bidder Briefing 2.00pm
- Mock Auction with Bidders after Bidder Briefing

■ Wednesday

- Attendance Time: Bid Teams must arrive at Auction Location (6th Floor, Wing C) between 8.30am and no later than 9.00am
- Escorted by Independent Observer to Approved Room
- Auction Day 1, Round 1 to start at 10.00am

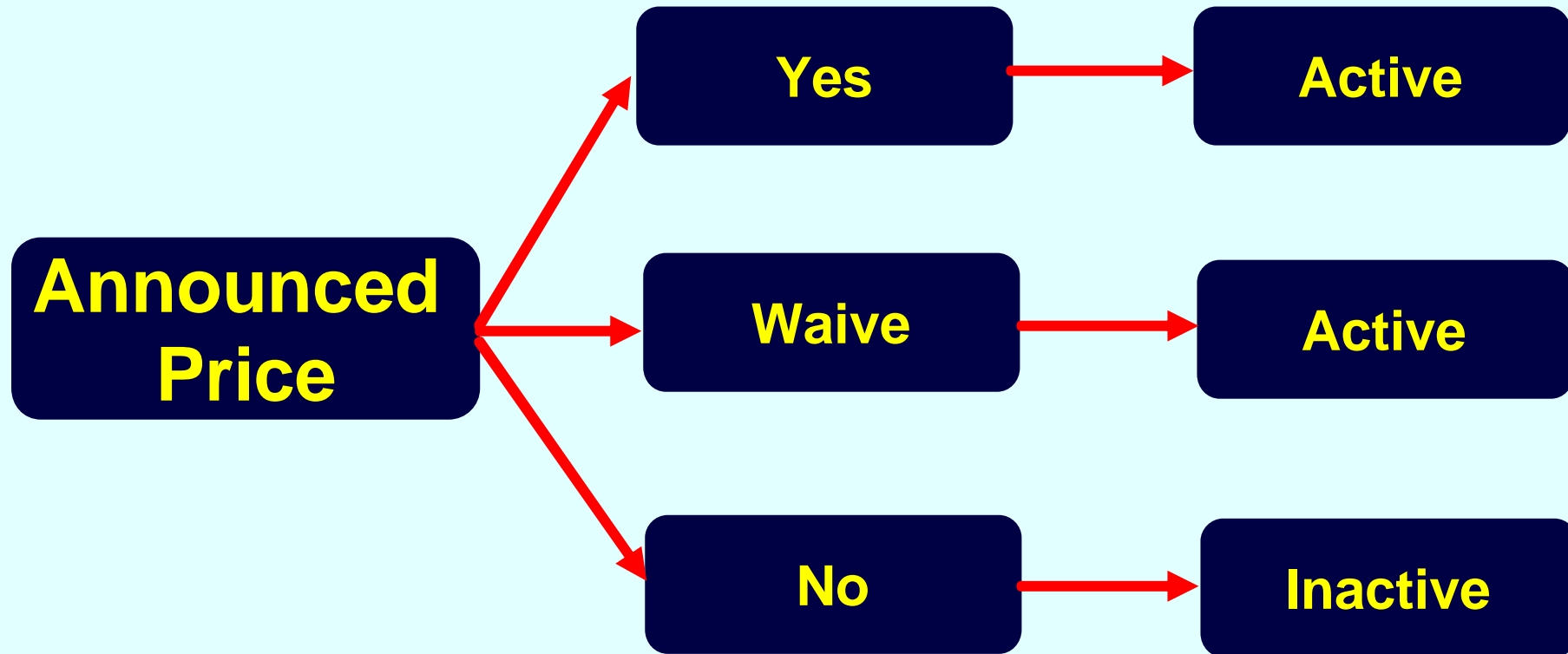
Auction information – Ascending Bid Phase

- **Several Rounds per Auction Day**
- **Duration of a Round is 20 minutes**
- **You will be notified by the ACT in writing at least 30 minutes before the start of a Round**
- **You have already received written notification that Auction Day 1, Round 1 will start at 10.00am**
- **The Announced Price in Auction Day 1, Round 1 is USD\$100 million**
- **The Ascending Bid Phase will continue as long as there are more than three (3) Active Bidders**

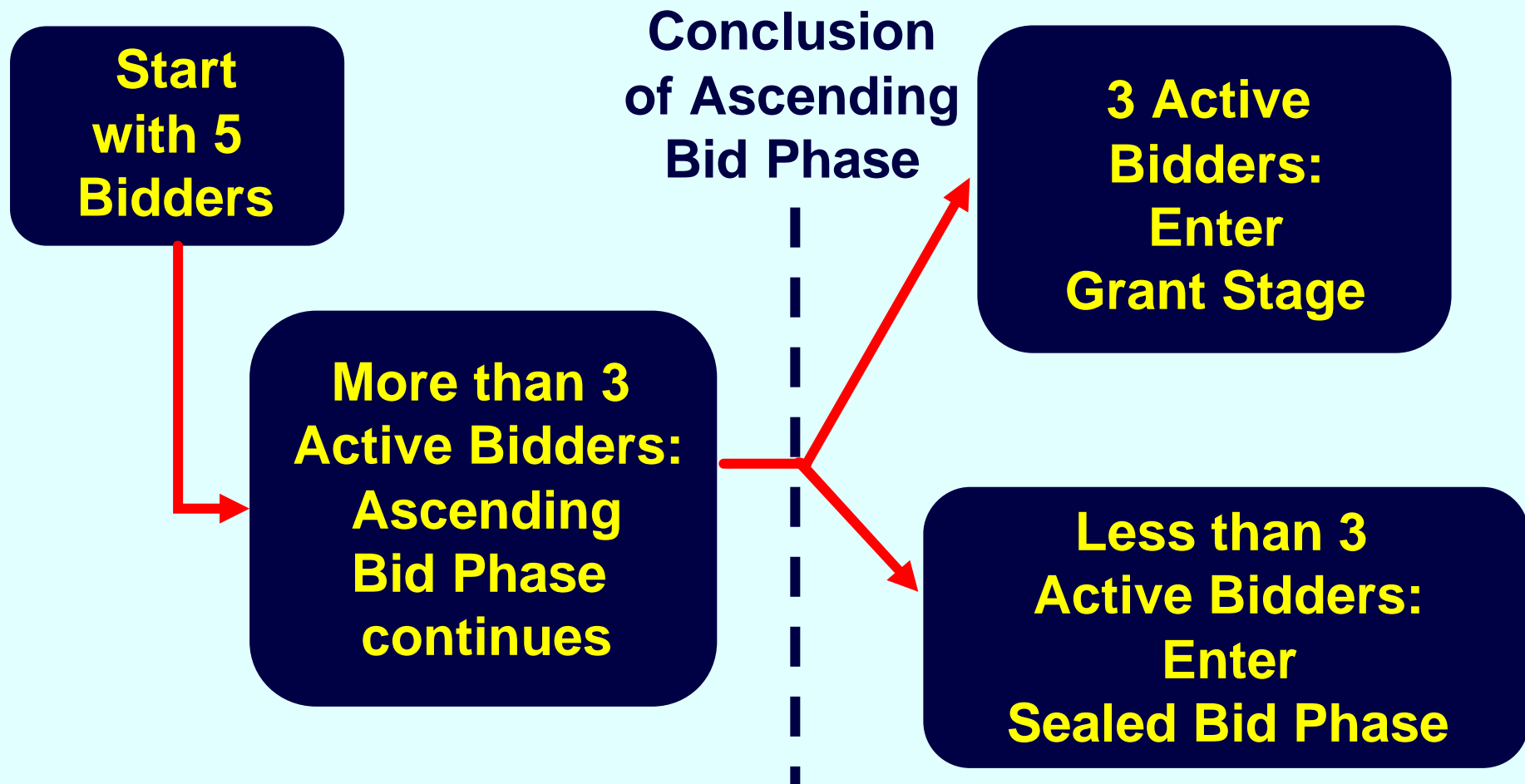
The Announced Price

- **Stated in multiples of USD\$1 million**
- **Increase typically not more than 10% (rounded up) between any two (2) consecutive Rounds**
- **The Announced Price on an Auction Day will not increase by more than 50% (rounded up) than the Announced Price in the Final Round in the previous Auction Day – therefore on Auction Day 1 the Announced Price in the Final Round cannot exceed USD\$150 million**

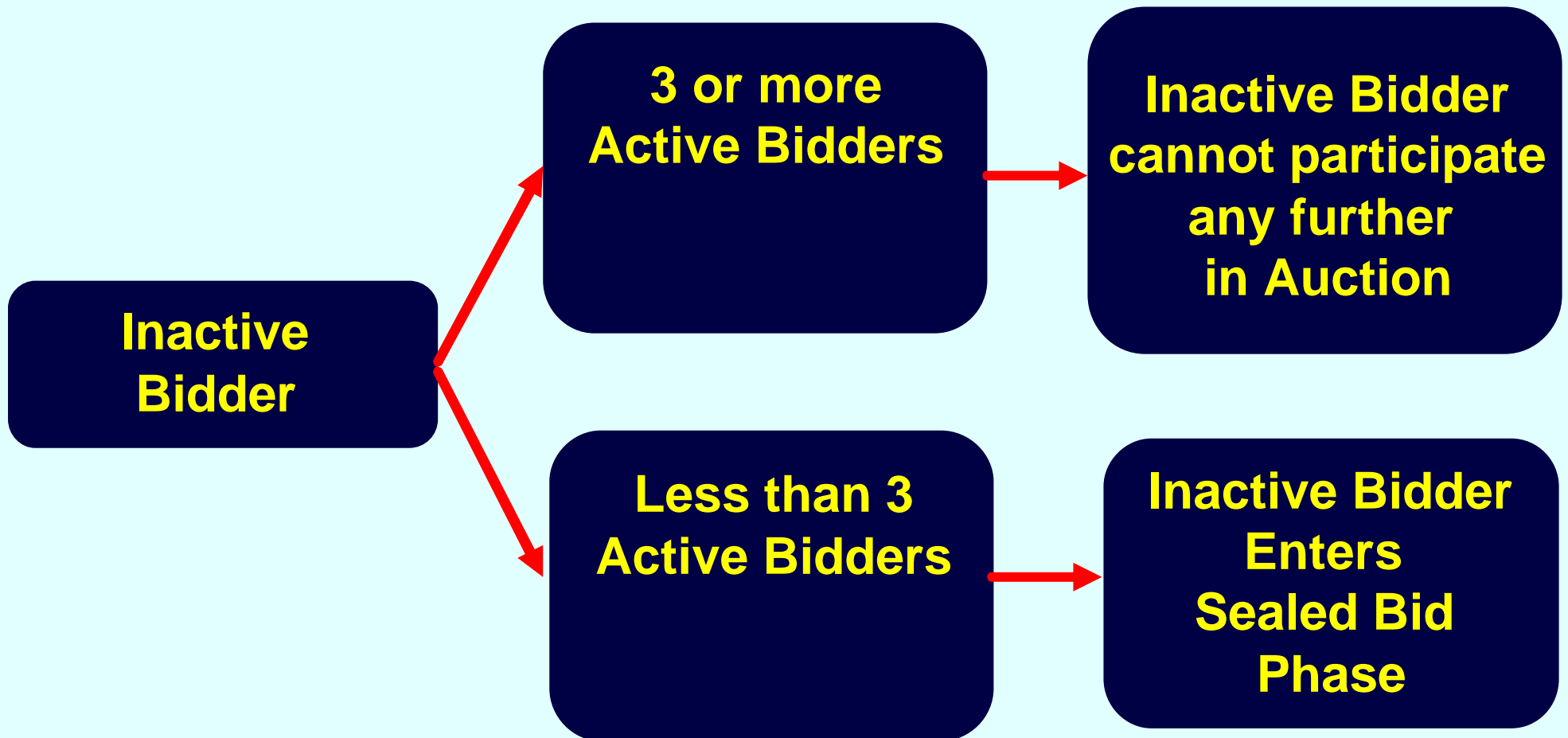
Actions available to Active Bidders



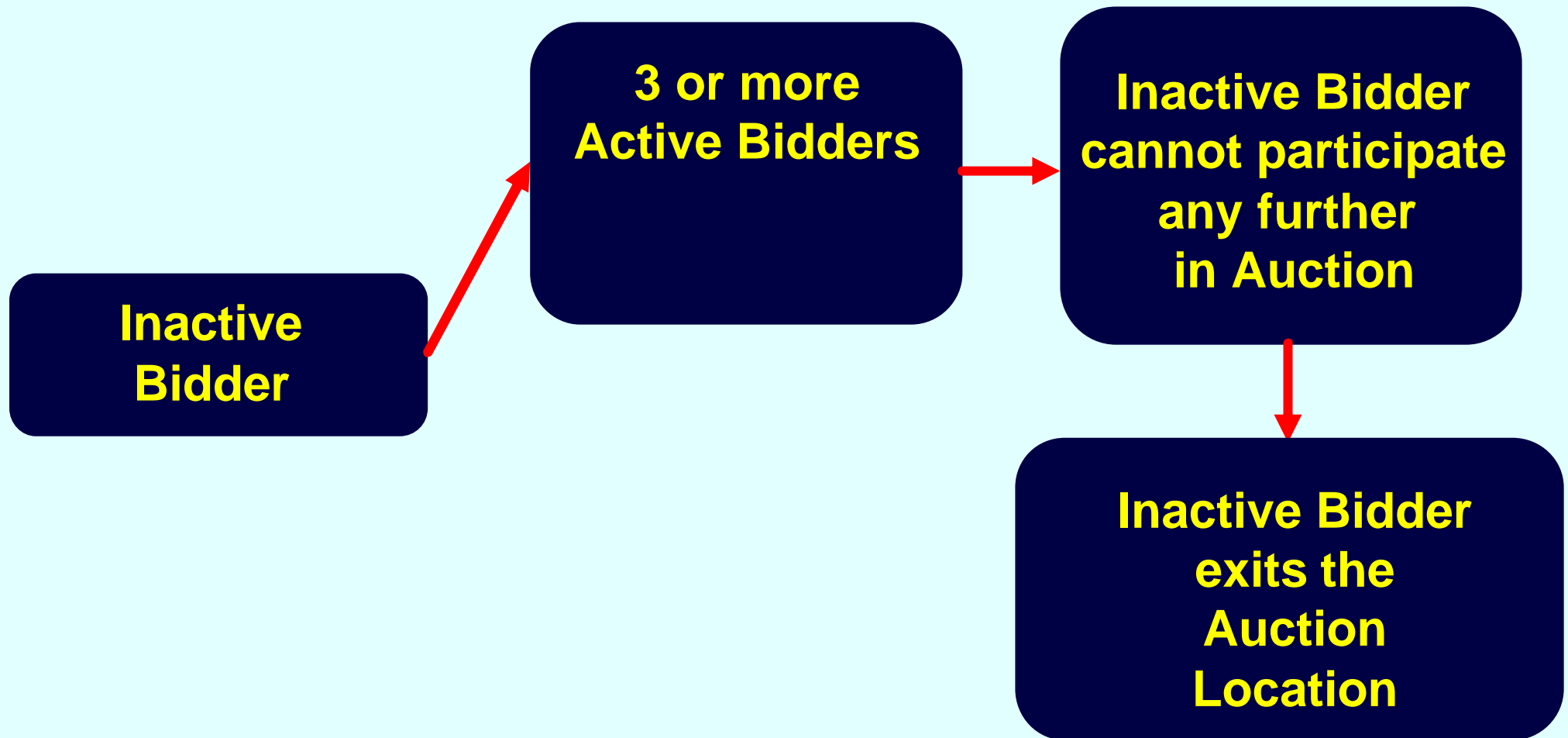
Ascending Bid Phase



What happens if a Bidder becomes Inactive?



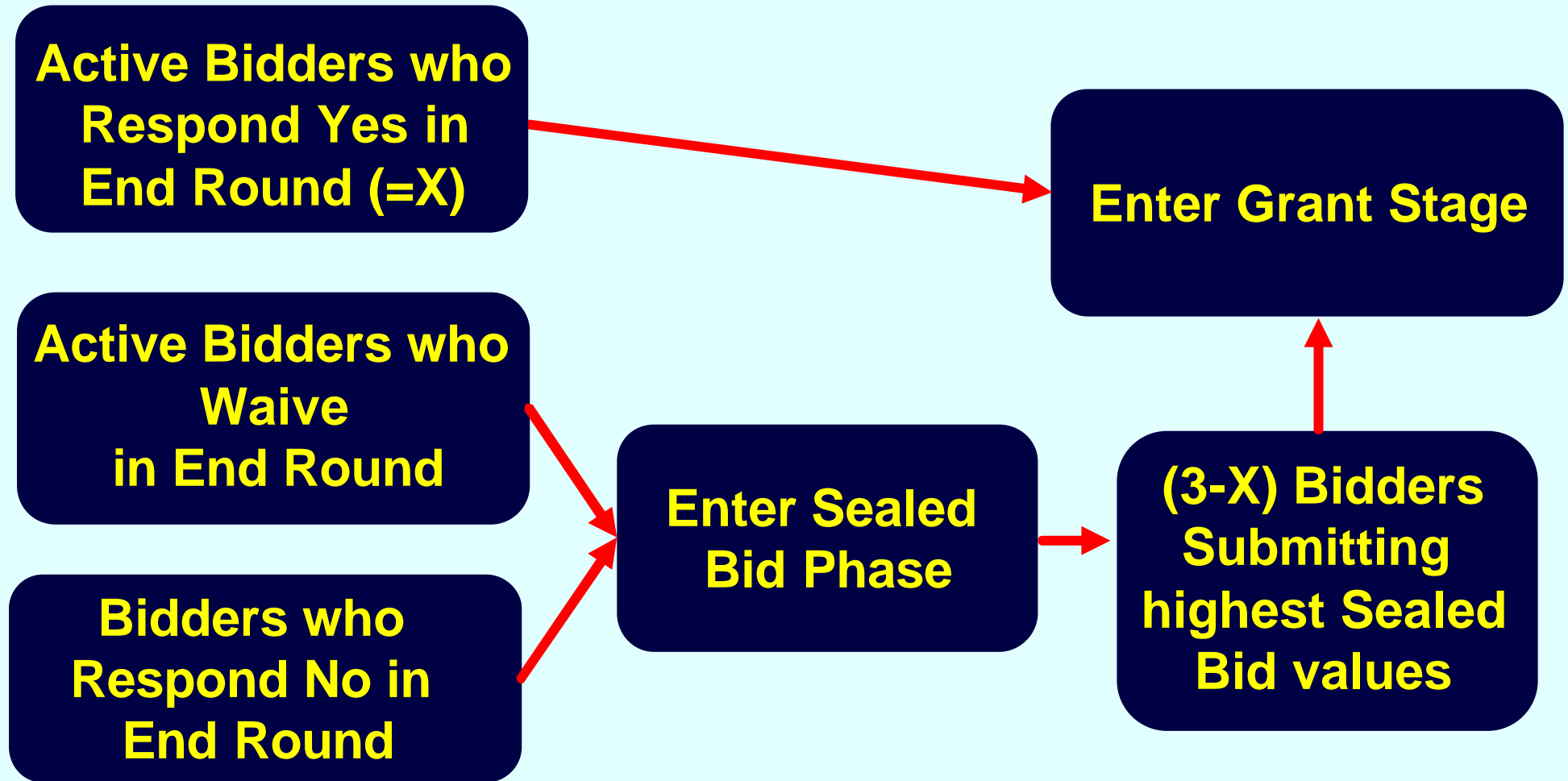
Inactive Bidder exits



Forms in the Ascending Bid Phase

- **The Bid Form (TWO copies)**
- **The Bid Confirmation Form**
- **Five minutes to dispute**
- **The Results Sheet – details of previous Round and timings for next Round**

Auction information – Sealed Bid Phase



Auction information – Sealed Bid Phase

- Assume the Auction proceeds into the Sealed Bid Phase
- At the conclusion of the Ascending Bid Phase the ACT will issue to all Bidders (Inactive, Active) present:
 - ◆ The Results applicable for the last Round; and
 - ◆ A General Notification issued as a Communication from the ACT

Notification of Sealed Bid Phase

- **Each Bidder at the conclusion of the Ascending Bid Phase will be provided:**
 - ◆ **Confirmation that the Ascending Bid Phase has ended**
 - ◆ **Names of Successful Bidders**
 - ◆ **Names of Eligible Bidders – those participating in the Sealed Bid Phase**
 - ◆ **Instructions about timing – including length of break between the Ascending Bid Phase and the Sealed Bid Phase**
 - ◆ **The Attendance Time for the Sealed Bid Phase**
 - ◆ **Start and Finish Time for Round 1 of the Sealed Bid Phase**
 - ◆ **The Minimum Bid Value for Round 1 of the Sealed Bid Phase**

Bidding in the Sealed Bid Phase

- The Bid Value an Eligible Bidder must choose cannot lie below the highest Announced Price at which the Eligible Bidder responded Yes in the Ascending Bid Phase
- The highest Announced Price at which the Eligible Bidder responded Yes in the Ascending Bid Phase determines the Minimum Bid Value in the Sealed Bid Phase
- In the event an Eligible Bidder did not respond Yes in the Ascending Bid Phase, the Reserve Price determines the Minimum Bid Value
- An Eligible Bidder selects a Sealed Bid Value in units of USD\$10
- **There is NO upper limit constraining the Sealed Bid Value**

Sealed Bid Phase - Round

- Duration of a Round is 20 minutes
- “The Sealed Bid Notice” issued by the ACT in writing at least 30 minutes before the start of a Round confirms the Start Time
- The Sealed Bid Phase will continue as long as there are less than three (3) Successful Bidders

Forms in the Sealed Bid Phase

- **The Sealed Bid Form (TWO copies)**
- **The Sealed Bid Confirmation Form**
- **Five minutes to dispute**
- **The Results Sheet**

Example 1

Suppose a Successful Bidder has said Yes at \$47 in the Last Round and does Not enter the Sealed Bid Phase

Assume there are 3 Eligible Bidders in the Sealed Bid Phase Competing for two (2) Licences

Assume the 3 Eligible Bidders in the Sealed Bid Phase have a Minimum Bid Value \$42. Bidder 1 submits Sealed Bid \$45, Bidder 2 submits Sealed Bid \$48 and Bidder 3 Sealed Bid \$52

There are two Successful Bidders paying a Final Price = \$47 Plus a PREMIUM = \$1 for Bidder 2 and PREMIUM = \$5 for Bidder 3

The Successful Bidder in the Ascending Bid Phase pays a Final Price: \$47

Example 2

Suppose a Successful Bidder has said Yes at \$47 in the Last Round and does Not enter the Sealed Bid Phase

Assume there are 3 Eligible Bidders in the Sealed Bid Phase Competing for two (2) Licences

Assume the 3 Eligible Bidders in the Sealed Bid Phase have a Minimum Bid Value \$42. Bidder 1 submits Sealed Bid \$42, Bidder 2 submits Sealed Bid \$44 and Bidder 3 Sealed Bid \$46

There are two Successful Bidders paying a Final Price: \$44 and there is NO PREMIUM

**ALL Successful Bidders
pay a Final Price: \$44**

Example 3

Suppose a Successful Bidder has said Yes at \$47 in the Last Round and does Not enter the Sealed Bid Phase
Assume there are 3 Eligible Bidders in the Sealed Bid Phase
Competing for one (1) Licence

Assume the 3 Eligible Bidders in the Sealed Bid Phase submit
Sealed Bids: Bidder 1 submits Sealed Bid \$45,
Bidder 2 submits Sealed Bid \$52 and Bidder 3 Sealed Bid \$52
There is a tie (Tied Eligible Bidders) involving Bidder 2 and Bidder 3. Bidder 1 will be defined as Inactive in the Sealed Bid Phase.

The Sealed Bid Phase continues to Round 2, with Bidder 1 Excluded. Bidders 2 and 3 will submit Sealed Bids.

Example 3 continued

The Sealed Bid Phase continues to Round 2, with Bidder 1 Excluded. Bidders 2 and 3 will submit Sealed Bids in Sealed Bid Phase Round 2.

The Minimum Bid Value issued is \$52

Assume the 2 Eligible Bidders in the Sealed Bid Phase Round 2 submit Sealed Bids: Bidder 2 submits Sealed Bid \$64 and Bidder 3 Sealed Bid \$62

There is one Successful Bidder paying a Final Price: \$47 Plus a PREMIUM = \$17 for Bidder 2

The Successful Bidder in the Ascending Bid Phase pays a Final Price: \$47

Example 4

Suppose a Successful Bidder has said Yes at \$47 in the Last Round and does Not enter the Sealed Bid Phase

Assume there are 3 Eligible Bidders in the Sealed Bid Phase Competing for two (2) Licences

Assume the 3 Eligible Bidders in the Sealed Bid Phase have a Minimum Bid Value \$42. Bidder 1 submits Sealed Bid \$42, Bidder 2 submits Sealed Bid \$44 and Bidder 3 Sealed Bid \$48

There are two Successful Bidders paying a Final Price: \$44 and Bidder 3 pays a **PREMIUM = \$4**

ALL Successful Bidders
pay a Final Price: **\$44**

The End Round – Auction Stage Complete

**Auction ends with
3 Successful
Bidders**



**Successful Bidders
enter Grant Stage**

Mock Auction

- **At the end of this Briefing we will escort you to the Approved Rooms in the Auction Location**
- **The Mock Auction will simulate the processes and procedures for the Auction proper**
- **Instructions for the Mock are located in the Approved Room**
- **Each Bid Team has been allocated an alias**
- **Forms for the Mock are also in the Approved Rooms**

Press Information

- Information available on the Commission's website (www.ncc.gov.ng)
- Information on the progress of the Auction will be made available to the Press at appropriate intervals