

Press Release

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Netia rejects participation in UMTS license tender

Netia Holdings SA in Poland, of which Telia holds 48.2 per cent, today announces that it will not participate in Poland's UMTS license tender. Netia's decision is based on the unattractive economics of the project according to the company's business analysis and experience and also influenced by the uncertain regulatory framework, as well as open-ended roaming and interconnection provisions for UMTS entrants as currently set out in the UMTS tender documentation.

For several months, Netia has been carefully making preparations to take part in the UMTS tender. After thorough consideration of the tender conditions, however, and after obtaining legal and consultants' opinions, Netia has decided not to establish its own consortium, nor to join other consortia which sought Netia's participation.

The company is particularly concerned by open-ended regulatory issues that have, in Netia's experience, complicated its ability to operate e.g. in the field of long-distance telephony, and by numerous ambiguities in the tender documentation. These involve the lack of clear provisions for roaming with the GSM operators, an issue closely related to the lack of an appropriate Polish interconnection regime in general. The other crucial factor in Netia's decision is the unattractive business potential of a UMTS investment due to the issuance of five rather than four licenses and a high license fee.

- The current tender condition do not satisfy Netia's criteria for a profitable business case and a clear regulatory framework. Netia will continue to execute its successful strategy to be Poland's best alternative fixed-line voice, data and IP services provider, capitalizing on the rapid growth of the Polish telecoms market, said Clas Hygrell, Country Manager Poland, Netia will continue to establish a mobil exposure in Poland.

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