



## Annex

### Relevant Information

The Superindustry authorizes with conditions the business merger between UNE and TIGO.

The Superindustry authorizes the business merger (merger by takeover) between UNE and TIGO, under the condition that both businesses return to the Nation a portion of the radio frequency spectrum.

Currently UNE and TIGO together possess 135 MHz of the radio frequency spectrum, with a legal limit of 85 MHz, which is the reason that 50 MHz should be given back to the Nation, under the terms and conditions indicated by the Superindustry.

UNE and TIGO, in a maximum period of eight (8) months, should inform the MINTIC [Ministry of Information Technologies and Communication] and the SIC of the radio frequency spectrum to be returned, identifying the frequency bands and the corresponding MHz.

Once the radio frequency spectrum that is to be returned is identified and informed in a concrete manner, the intervening companies will have a period of two (2) years and four (4) months to finish the return.

These conditions are established with the goal of restoring the level of competition that prevailed in the market before the operation, and intends to comply with the maximum levels of radio frequency in the Colombian telecommunications market.

**Bogotá, D.C., April 15, 2014** The Superintendent of Industry and Commerce (SIC), Pablo Felipe Robledo, through Resolution No. 24527 of April 15, 2014 **AUTHORIZED WITH CONDITIONS THE BUSINESS MERGER** in virtue of an eventual merger by takeover between **UNE EPM TELECOMUNICACIONES S.A E.S.P** and **COLOMBIA MÓVIL S.A. E.S.P. TIGO** (a company that belongs to the Business conglomerate **MILLICOM**).

1) The decision is based on the articles 9 and 11 of Law 1340 of 2009 (New Competence Law) which establishes that the Superintendency of Industry and Commerce (SIC) is empowered to authorize a merger subjecting it to compliance with conditions. This same rule advises that the conditions should seek to isolate or eliminate the anti-competitive effect that would be produced by the merger, and implement measures of a structural nature with respect to said operation.

The imposed structural conditions consist of **UNE EPM TELECOMUNICACIONES S.A E.S.P** and **COLOMBIA MÓVIL S.A. E.S.P. TIGO** should return to the Nation the radio frequency spectrum for high bandwidths which surpass the maximum spectrum limit for a provider of network and land-based mobile services. Currently, **UNE** and **TIGO**, together, possess **135 MHz** of the radio frequency spectrum, with a legal limit of **85 MHz**, which is why **50 MHz** should be returned the Nation under the terms and periods indicated by the Superintendence of Industry and Commerce and under the procedure indicated at that time by the Ministry of Information Technology and Communications.

**UNE** and **TIGO** have a period of eight (8) months to inform the Ministry of Information Technology and Communications (**MINTIC**) and the Superintendence of Industry and Commerce (**SIC**) the spectrum that will be returned, identifying the frequency bands and the corresponding MHz. Once the radio frequency spectrum to be returned is identified and informed in a concrete manner, the intervening companies will have two (2) years and four (4) months to finish the return.

### **Other markets and activities evaluated in the decision to authorize the business merger**

As well as the previous, the SIC also evaluated the existence of horizontal effects since the intervening parties mutually participate in the following markets: (i) Access to Infrastructure – Co-location; (ii) International Long Distance Incoming Services (*Servicio de Larga Distancia Internacional Entrante*, LDIE); (iii) International Long Distance Outgoing Services (*Servicio de Larga Distancia Internacional Saliente*, LDIS); (iv) Subscription access to Mobile Internet; (v) On-demand access to Mobile Internet; and (vi) Front Office Contact Center. In the same way, vertical effects were analyzed in the activities of: (i) Access to infrastructure – co-location; (ii) Network carrier provider; (iii) Mobile Telephony; and (iv) Subscription access to mobile internet and on-demand mobile internet.



Having analyzed the indicated horizontal and vertical areas, the Superindustry authorized the business merger, because if there exists a position of dominance in some markets and activities of **UNE EPM TELECOMUNICACIONES S.A E.S.P** and **COLOMBIA MÓVIL S.A. E.S.P. TIGO**, especially in the Department of Antioquia, this is due to situations prior to the merger and are not necessarily a consequence of it. Along these lines, the administrative act of authorization indicates that “The position of current dominance of the UNE in the Aburrá Valley will be transferred to the merged entity without significantly changing the composition of the market. Thus, it is clear that the dominant position resulting in this geographical area is not the product of the merger which was the object of the study, but instead it corresponds to a market condition previous to the integration”, which leads not to the de-authorization of the analyzed merger, but does make it so that the merged agent has “an additional responsibility with respect to the non-realization of anti-competitive conduct, which will be verified constantly.” Against the authorization with condition of the business merger proffered by the Superintendence of Industry and Commerce, proceed with the remedy of revocation.

#### **Obligation to comply with the condition and the consequences**

The conditions imposed by the Superintendence of Industry and Commerce (SIC) in the authorization of business mergers are of obligatory compliance and lack of observance can generate the reversal of the operation and successive sanctions of (i) up to SIXTY ONE BILLION SIX HUNDRED MILLION PESOS (\$61,600,000,000 equivalent to ONE HUNDRED THOUSAND CURRENT LEGAL MINIMUM MONTHLY SALARIES (100,000 CLMMS) for the merged entities and (ii) up to ONE BILLION TWO HUNDRED THIRTY-TWO MILLION PESOS (\$1,232,000,000) equivalent to TWO THOUSAND CURRENT LEGAL MINIMUM MONTHLY SALARIES (2,000 CLMMS) for the legal persons who infringe on the fulfillment of the conditions.