

SCHEDULE 3

Articles 4 and 14

The spectrum defragmentation process

1. The holders of 800MHz, 900MHz, 1800MHz, 2100MHz or 2600MHz licences must, in the first instance, negotiate with the other holders of licences in those bands the rearrangement of the frequency holdings so that each holder of a licence holds contiguous frequencies in those bands or agrees to no rearrangement.

2. The holders of those wireless telegraphy licences must conclude the negotiations on the rearrangement of frequencies within 45 working days of the completion of the Combined Auction.

3. OFCOM must approve spectrum trading arrangements between persons who hold licences authorising use of frequencies in these bands which have as their object the achievement of spectrum defragmentation.

4. If the holders of those licences are unable to agree on the rearrangement of frequencies in each band within the time limit set out in paragraph (2), then OFCOM must, within a reasonable time, determine the final arrangement of frequencies.

5. Frequencies must be rearranged as agreed pursuant to the process in this Schedule within 2 years of the completion of the Combined Auction.

6. Any dispute in relation to spectrum defragmentation matters other than those provided for above shall be referred by the parties to that dispute to commercial arbitration and the parties shall agree to be bound by the decision of the arbitrator.