

Message

From: Michaud, Zach [zmichaud@catcapital.com]
Sent: 1/13/2014 5:26:20 PM
To: Glassman, Newton [nglassman@catcapital.com]; Bruce Drysdale [Bruce@dfhpublicaffairs.com]; De Alba, Gabriel [gdealba@catcapital.com]; Riley, Jim [jriley@catcapital.com]
CC: Jonathan A. Levin [jlevin@fasken.com]; David C. Moore [david@bellmore.ca]; Yeh, Andrew [AYeh@catcapital.com]
Subject: Wind Mobile withdraws from 700 MHz spectrum auction

Wind Mobile withdraws from 700 MHz spectrum auction



[Republish Reprint](#)

[CHRISTINE DOBBY](#) | January 13, 2014 | Last Updated: Jan 13 5:19 PM ET

[More from Christine Dobby](#) | [@christinedobby](#)



Brent Lewin/BloombergAn LG Electronics Inc. phone is displayed at a Wind Mobile SA store in Toronto

-
- [Twitter](#)
- [Google+](#)
- [LinkedIn](#)
- [Email](#)
- [Comments](#)
- [More](#)

Wind Mobile is withdrawing from bidding in Canada's spectrum auction after failing to secure financial backing to participate from its foreign owner.

How Canada's telecom war turned ugly

Last summer a simmering dispute over obscure regulations boiled over into all-out war as the country's cellphone titans took on the federal government and its efforts to entice a U.S. giant north.

The dialogue got heated as the three largest wireless carriers – ostensible rivals – joined forces to target Ottawa's policy on the industry.

[Continue reading](#)

The move means that none of the new entrants with ambitions to serve three key Canadian provinces in Ontario, British Columbia and Alberta will be participating this time around – another blow to Ottawa's policy to encourage wireless competition in all areas.

Globalive Wireless Management Corp., which operates under the brand name Wind Mobile, registered to bid on the airwaves in the 700-megahertz frequency band last September, but its application was listed as "withdrawn" on Industry Canada's website Monday afternoon.

Financial backing from VimpelCom Ltd. was always uncertain and Wind Mobile's Canadian chief executive Anthony Lacavera said Monday the Amsterdam-based company decided against funding its participation in the auction.

Wind's withdrawal leaves just 10 registered bidders vying for cellular airwaves in the auction, which gets underway Tuesday.

Apart from the Big Three carriers — BCE Inc., Rogers Communications Inc. and Telus Corp. — a handful of regional players plan to take part but none of the trio of new wireless entrants that launched after the 2008 auction and operated primarily in Ontario, British Columbia and Alberta will be in the running for new airwaves.

Public Mobile has sold to Telus while Mobilicity is under court protection from its creditors.

Related

- [Industry Minister James Moore announces next spectrum auction will start April 2015](#)
- [As T-Mobile, Verizon strike US\\$3B spectrum deal, Canada's wireless auction set to be much cooler](#)
- [Wind Mobile to take part in next year's spectrum auction](#)

Mr. Lacavera said the fact that the startup carrier will not secure additional airwaves in this year's auction will not affect its ability to operate its network or serve its customers in the immediate term.

“Wind has emerged as the fourth carrier in Ontario, B.C. and Alberta, but we still have need of additional spectrum for LTE,” he said in an emailed statement. “Today's development leaves us with a spectrum shortfall we must still address.”

Wind built a third-generation network on its existing spectrum, which is in what is known as the AWS band of spectrum.

In order to upgrade to a more advanced LTE (long-term evolution or fourth-generation) network, it must either reallocate part of its existing spectrum and carefully migrate its customers to the faster network or acquire more airwaves.

When VimpelCom reported its third-quarter results in early November, it said Wind Canada had 637,000 subscribers.

At the time, VimpelCom's CEO Jo Lunder said the company was re-evaluating its options in Canada, including the extent to which it planned to participate in this year's spectrum auction.

“Right now we are still analyzing whether we would like to buy spectrum, how much we would be willing to pay for spectrum and if we have other options available everything from still exiting the market or whether we should take a longer-term view on Canada and try to build a sustainable business there,” Mr. Lunder said, adding, “I think there are good options still available in Canada.”

Wind will still have an opportunity to acquire spectrum in next year's auction for airwaves in the 2500 MHz frequency, which will begin next April, Industry Minister James Moore announced on Friday.

Wind could also potentially acquire spectrum from fellow new entrant Mobilicity, which is running a court-supervised auction process to sell some or all of its assets.

Wind said it is taking part in the sale process but has not commented publicly on what it hopes to buy, however, Mobilicity's main asset is its spectrum, the same type of AWS airwaves Wind bought in 2008.

Even before Wind bowed out of the auction, industry analysts predicted it would be a dull affair and unlikely to bring in the same sort of revenue the government raised in the 2008 AWS auction, which attracted total bids of \$4.3-billion.

"We expect the 700 MHz auction to be a yawner," Canaccord Genuity's head of research Dvai Ghose wrote Monday morning, adding he estimates BCE, Telus and Rogers will each spend about \$600-million to \$700-million.

There are four prime blocks of 700 MHz spectrum up for grabs and the Big Three are limited to bidding on one block each.

When Industry Canada announced the auction last year, it said it hoped to take in at least \$897-million, the opening bid price for all of the licences.

Jeff Fan, an analyst with Scotia Capital, wrote last week he expects the auction to raise about \$1.7-billion.

In a media briefing Monday, a senior Industry Canada official said the government will not provide any updates during the auction and will publish the results five days after all rounds of bidding have concluded. Similar auctions internationally have taken two to seven weeks to conclude, the official said.

The auction will follow a package bidding format which the government says will eliminate the risk of bidders winning some but not all of the licences they require to meet their business case.

Once the results list is published, the provisional winners have ten days to pay 20% of their winning bid amounts and must pay the balance within 30 days.

From: Glassman, Newton
Sent: Friday, January 10, 2014 3:38 PM
To: Bruce Drysdale; De Alba, Gabriel; Riley, Jim
Cc: Jonathan A. Levin; Michaud, Zach; David C. Moore; Yeh, Andrew
Subject: Re: 2500MGHz Announcement

Did I mention.....STUPID. not smart. Seriously.

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Bruce Drysdale

Sent: Friday, January 10, 2014 3:13 PM

To: Glassman, Newton; De Alba, Gabriel; Riley, Jim

Cc: Jonathan A. Levin; Michaud, Zach; David C. Moore; Yeh, Andrew

Subject: RE: 2500MHz Announcement

I just spoke to the Assistant Deputy Minister of Regulatory Affairs at Industry Canada, Kelly Gillis. She joined Minister Moore this afternoon for the media calls following the 2500 announcement and those calls just wrapped-up.

Gillis said that the Minister and IC are very excited about the 2500 announcement and it was imperative they get it launched before the 700 auction kicks off on January 14. She also told me that the 2500 auction is very complementary with the 700 auction and key players will want and need to have both.

From: Glassman, Newton [<mailto:nglassman@catcapital.com>]

Sent: Friday, January 10, 2014 3:04 PM

To: Bruce Drysdale; De Alba, Gabriel; Riley, Jim

Cc: Jonathan A. Levin; Michaud, Zach; David C. Moore; Yeh, Andrew

Subject: Re: 2500MHz Announcement

Its a failure even on the communication front. There's no way this 'new auction' will or can attract the likes of Verizon because while Verizon et al would LOVE 2500 spectrum, given the noise re: lack of transferability of AWS and no current rules re: 700, there is NO SHOT IN HELL ANYONE is risking \$1+B AS A STARTER to enter a mkt where a govt is literally HINDERING collateral values every chance they can. And this 'new auction' decimate both AWS and 700 spectrum collateral value.

Feel free to pt out ALL of the above.

THIS IS BEYOND STUPID ON ALL COUNTS--commercial, policy and communication.

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Bruce Drysdale

Sent: Friday, January 10, 2014 2:58 PM

To: Glassman, Newton; De Alba, Gabriel; Riley, Jim

Subject: 2500MGHz Announcement

Further to our call, I've had 3 relevant conversations and the early insights are as follows:

- The wireless file is "the only" file Minister Moore will be focused on as Industry Minister until the end of the Harper Govt mandate.
- PMO has taken over the lead on all communications, issue management and positioning of the wireless/telecom file. They want to deliver message that Ottawa is moving on beyond the 700 Auction.
- Given that the 700 auction didn't attract the players Harper Govt was hoping for and 700 auction results are basically known (Govt view), PMO wanted to change the channel and throw the 2500MGHz into the mix to avoid sole focus on 700 auction being a failure.
- Harper Govt & Industry Canada hoping 2500 auction will attract "real" new entrants of the Verizon calibre, etc. and lead to true fourth carrier.

So guys, clearly the above does not make commercial or policy sense in many ways but this is all about political communications for this crowd.

DISCLAIMER: This e-mail (including any attachments) may be confidential and is intended only for the use of the addressee(s). If you are not an addressee, please inform the sender immediately and destroy this e-mail. Do not copy, use or disclose this e-mail. E-mail transmission cannot be guaranteed to be secure or error free, and the sender does not accept liability for any errors or omissions in the contents of this message which may arise as a result of e-mail transmission.

DISCLAIMER:

This e-mail (including any attachments) may be confidential and is intended only for the use of the addressee(s). If you are not an addressee, please inform the sender immediately and destroy this e-mail. Do not copy, use or disclose this e-mail. E-mail transmission cannot be guaranteed to be secure or error free, and the sender does not accept liability for any errors or omissions in the contents of this message which may arise as a result of e-mail transmission.

DISCLAIMER: This e-mail (including any attachments) may be confidential and is intended only for the use of the addressee(s). If you are not an addressee, please inform the sender immediately and destroy this e-mail. Do not copy, use or disclose this e-mail. E-mail transmission cannot be guaranteed to be secure or error free, and the sender does not accept liability for any errors or omissions in the contents of this message which may arise as a result of e-mail transmission.

DISCLAIMER:

This e-mail (including any attachments) may be confidential and is intended only for the use of the addressee(s). If you are not an addressee, please inform the sender immediately and destroy this e-mail. Do not copy, use or disclose this e-mail. E-mail transmission cannot be guaranteed to be secure or error free, and the sender does not accept liability for any errors or omissions in the contents of this message which may arise as a result of e-mail transmission.

DISCLAIMER:

This e-mail (including any attachments) may be confidential and is intended only for the use of the addressee(s). If you are not an addressee, please inform the sender immediately and destroy this e-mail. Do not copy, use or disclose this e-mail. E-mail transmission cannot be guaranteed to be secure or error free, and the sender does not accept liability for any errors or omissions in the contents of this message which may arise as a result of e-mail transmission.