<div style="text-align: center;">SCHEDULE 4</div>

<div style="text-align: right;">Regulations 100 and 101</div>

<div style="text-align: center;">Determination of 3.6 GHz lot additional prices</div>

Additional price

1.—(1) OFCOM shall determine an additional price for each winning 3.6 GHz assignment stage bid by imposition of the requirements that the additional prices must satisfy that are set out in paragraphs 2 to 5.

(2) Where an additional price so determined includes a fraction of a pound, the additional price shall be that price rounded up to the nearest whole pound.

First requirement

2. The additional price for each winning 3.6 GHz assignment stage bid shall be no less than zero and no more than the amount of that winning 3.6 GHz assignment stage bid.

Second requirement

3.—(1) Taking the additional prices for the winning 3.6 GHz assignment stage bids together, the additional prices shall be such that if—

(a) the amount bid by each winning bidder for the 3.6 GHz assignment stage option selected in its winning 3.6 GHz assignment stage bid had been the additional price rather than the amount of its winning 3.6 GHz assignment stage bid ("reduced winning 3.6 GHz assignment stage bid"), and

(b) subject to sub-paragraph (2), the amount bid by each winning bidder in respect of each other valid 3.6 GHz assignment stage bid made by that bidder had been reduced by an amount equal to the difference between the amount of its winning 3.6 GHz assignment stage bid and the additional price for that relevant winning 3.6 GHz assignment stage bid,

the combination of the reduced winning 3.6 GHz assignment stage bids submitted by the winning bidders would have been the valid combination of 3.6 GHz assignment stage bids or one of the valid combinations of 3.6 GHz assignment stage bids (as the case may be) having the highest total value of amounts bid.

(2) Where the amount of a bid has been reduced in accordance with sub-paragraph (1)(b) and is less than zero, the amount of that bid shall be treated as if it were zero for the purposes of this paragraph.

(3) The bids mentioned in sub-paragraphs (1)(a) and (1)(b) shall, after reduction of the amount of those bids in accordance with those paragraphs, be treated as valid 3.6 GHz assignment stage bids for the purposes of this paragraph.

Third requirement

4. Taking the additional prices for the winning 3.6 GHz assignment stage bids together, the total of those additional prices shall be no greater than the total of any other prices for the winning 3.6 GHz assignment stage bids that satisfy the requirements set out in paragraphs 2 and 3.

Fourth requirement

5.—(1) Taking the additional prices for the winning 3.6 GHz assignment stage bids together, the opportunity cost variance of those additional prices calculated in accordance with sub-paragraph (2) shall be less than the opportunity cost variance, calculated in accordance with sub-paragraph (2),

of any other prices for the winning 3.6 GHz assignment stage bids that satisfy the requirements set out in paragraphs 2 to 4.

(2) The opportunity cost variance ("OCVA") of prices mentioned in sub-paragraph (1) is the amount calculated in accordance with the formula $OCVA = \sum(p_A - c_A)^2$ where—

(a) "p_A" is the price for a winning 3.6 GHz assignment stage bid; and

(b) "c_A" is the amount calculated in accordance with the formula set out in sub-paragraph (3) in respect of that winning 3.6 GHz assignment stage bid.

(3) The formula is $c_A = u_A - t_A + b_A$ where—

(a) "u_A" is the amount calculated in accordance with sub-paragraph (4);

(b) "t_A" is the total amount of the winning 3.6 GHz assignment stage bids; and

(c) "b_A" is the amount of the winning 3.6 GHz assignment stage bid for which p_A is the price.

(4) The amount calculated in accordance with this sub-paragraph is the total amount of the valid combination of 3.6 GHz assignment stage bids or one of the valid combinations of 3.6 GHz assignment stage bids (as the case may be) having the highest total value of amounts bid where, for each 3.6 GHz assignment stage bid made by the winning bidder that submitted the winning 3.6 GHz assignment stage bid for which p_A is the price, the amount of that 3.6 GHz assignment stage bid is treated as if it were zero for the purposes of this sub-paragraph.

(5) Where the amount of a 3.6 GHz assignment stage bid is treated as if it were zero in accordance with sub-paragraph (4), that 3.6 GHz assignment stage bid shall be treated as a valid 3.6 GHz assignment stage bid for the purposes of that sub-paragraph.

Interpretation

6. In this Schedule "valid combination of 3.6 GHz assignment stage bids" shall be construed in accordance with regulation 97 or 98 as the context requires.