

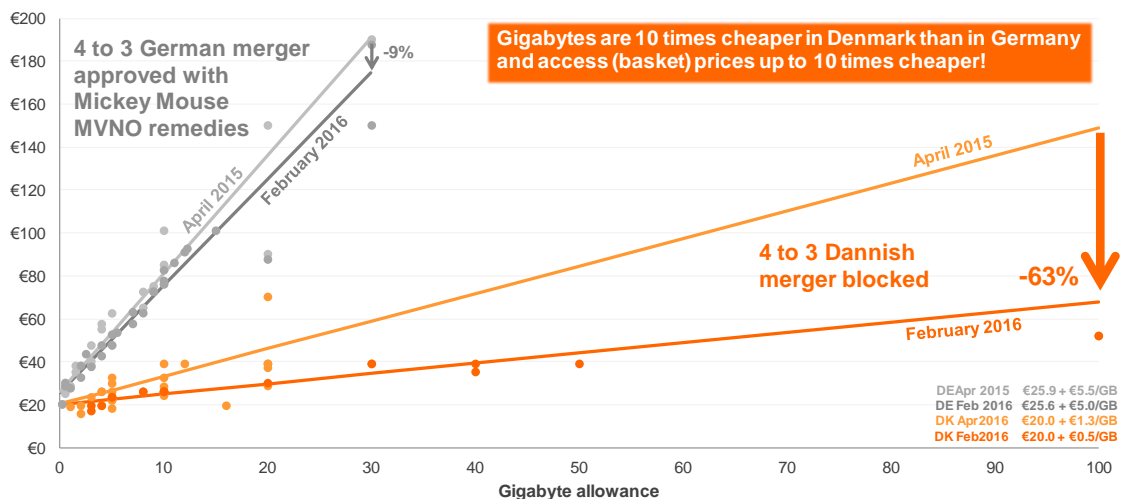
The approval of the 4 to 3 Telefonica E-Plus merger with ineffective MVNO remedies made Germany the least competitive market in EU28

- The gap between Denmark a 4-MNO competitive market and Germany a 3-MNO tight oligopoly is widening. Danish average gigabyte prices were 10 times lower than German prices by February 2016 - up from 4 times lower in April 2015
- The divergence in gigabyte prices has led to a decoupling of mobile data consumption growth: Danish operators' data traffic growth follows an exponential trajectory while the data traffic growth on German networks is constrained to a linear path
- The German mobile market is the market with the highest tight oligopoly index of 90% among EU28. The German mobile market is a tight oligopoly with non-competitive outcome characterized by excessive mobile internet access prices and very restrictive gigabyte caps (artificial capacity scarcity)
- MVNOs cannot become effective competitors - They cannot substitute the supply of competitively priced GBs (capacity) offered by no.4 MNOs
- Drillisch, the so called upfront 'capacity' in essence retail-minus MVNO cannot disrupt the artificial capacity scarcity and excessive gigabyte prices in the consolidated German mobile market

Rewheel / Digital Fuel Monitor premium research note, 29th February 2016

The gap between 4-MNO competitive markets (Denmark) and 3-MNO tight oligopolies (Germany) is widening

Price and volume allowance of 4G LTE SIM-only smartphone plans with unlimited minutes & SMS

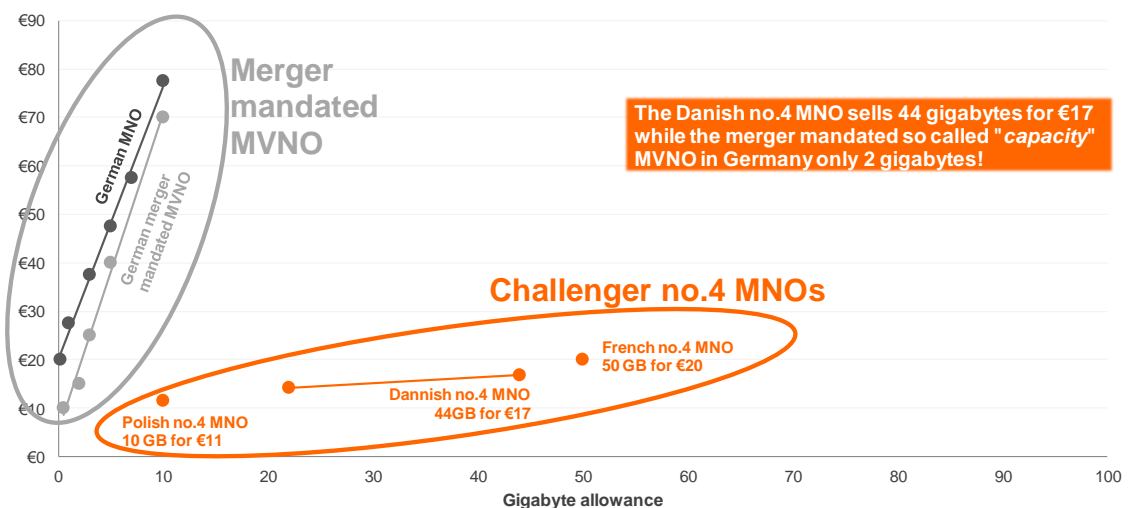


Market weighted (by SIMs) average base and incremental gigabyte prices of MNO main brands

1 DKK = €0.13

MVNOs cannot become effective competitors - They cannot substitute the supply of competitively priced GBs (capacity) offered by no.4 MNOs

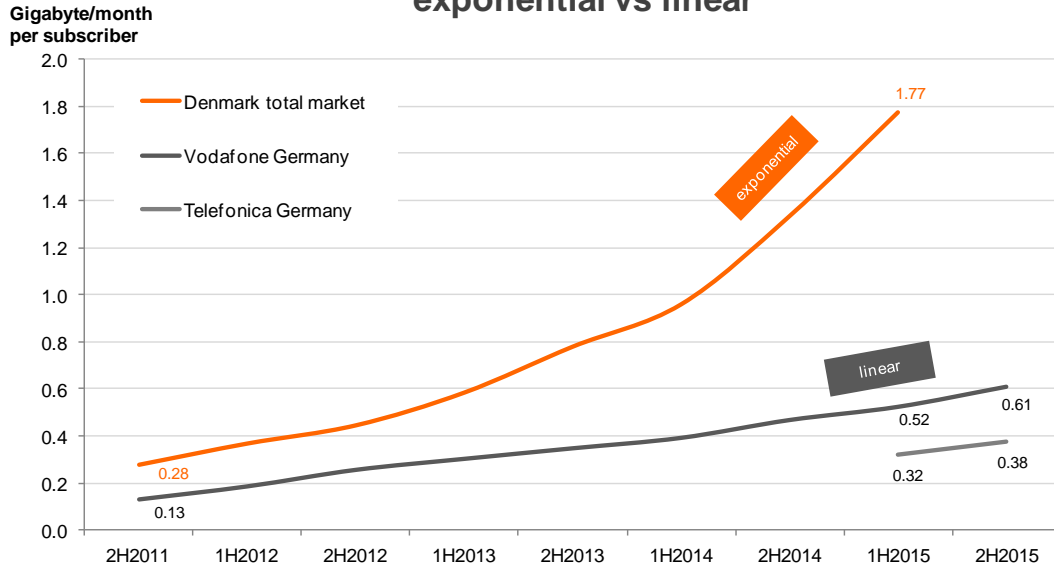
Price and volume allowance of 4G LTE SIM-only smartphone plans with unlimited minutes & SMS



Prices February 2016

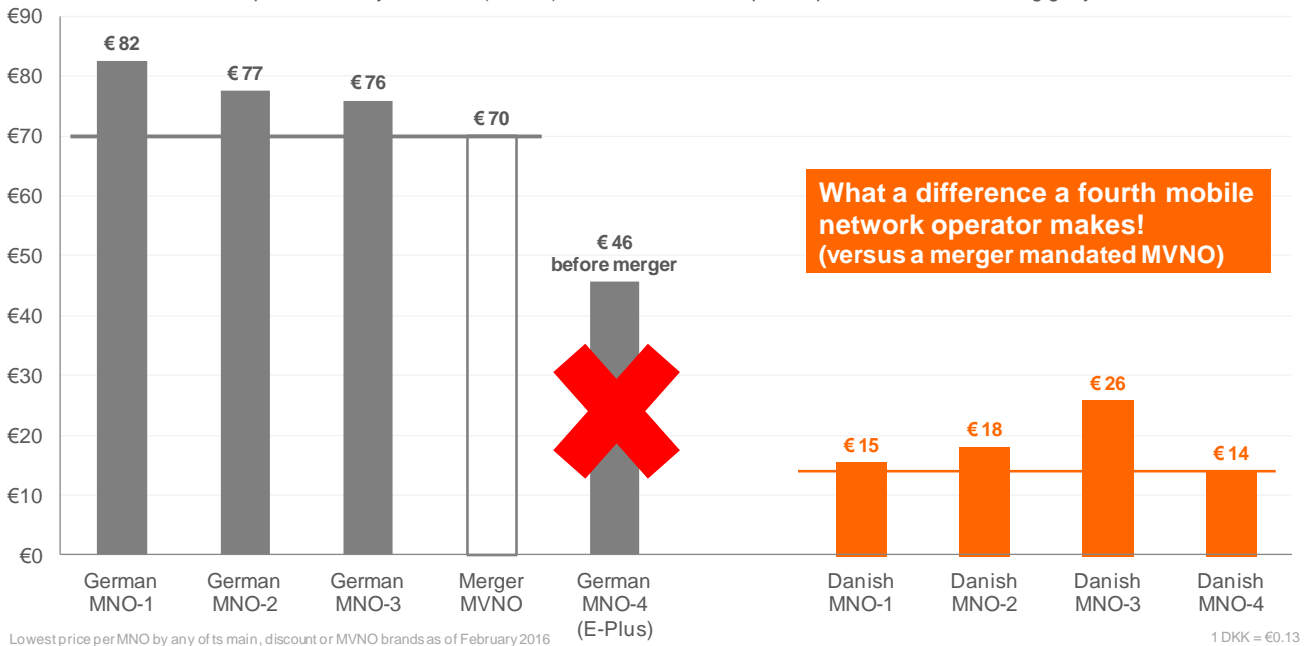
1 DKK = €0.13, 1 PLN = €0.23

Denmark vs Germany Mobile data consumption growth decoupling exponential vs linear



Drillisch, the so called '*upfront capacity*' in essence retail-minus MVNO cannot disrupt the artificial capacity scarcity and excessive gigabyte prices

Lowest price SIM-only unlimited (>1,000) minute & SMS smartphone plans with minimum 10 gigabytes



Index rank	Country	Index	Competition outcome	Oligopoly classification
		100% (max)		
28	Germany	90%	Non-competitive	Tight oligopoly
27	Bulgaria	81%	Non-competitive	Tight oligopoly
26	Greece	80%	Non-competitive	Tight oligopoly
25	Hungary	80%	Non-competitive	Tight oligopoly
24	Malta	77%	Non-competitive	Tight oligopoly
23	Portugal	73%	Non-competitive	Tight oligopoly
22	Czech Republic	73%	Non-competitive	Tight oligopoly
21	Netherlands	73%	Non-competitive	Tight oligopoly
20	Slovakia	73%	Non-competitive	Tight oligopoly
19	Romania	69%	Non-competitive	Tight oligopoly
18	Cyprus	68%	Non-competitive	Tight oligopoly
17	Spain	66%	Non-competitive	Tight oligopoly
16	Croatia	64%	Non-competitive	Tight oligopoly
15	Belgium	63%	Non-competitive	Tight oligopoly
		59%		Threshold
14	France	58%	Sub-competitive	Sub-competitive oligopoly
13	Austria	56%	Sub-competitive	Sub-competitive oligopoly
12	Italy	56%	Sub-competitive	Sub-competitive oligopoly
11	Luxemburg	51%	Sub-competitive	Sub-competitive oligopoly
10	Slovenia	50%	Sub-competitive	Sub-competitive oligopoly
9	Ireland	50%	Sub-competitive	Sub-competitive oligopoly
8	UK	47%	Sub-competitive	Sub-competitive oligopoly
		43%		Threshold
7	Denmark	41%	Effective competition	Competitive oligopoly
6	Poland	41%	Effective competition	Competitive oligopoly
5	Sweden	28%	Effective competition	Competitive oligopoly
4	Finland	20%	Effective competition	Competitive oligopoly
3	Estonia	17%	Effective competition	Competitive oligopoly
2	Latvia	13%	Effective competition	Competitive oligopoly
1	Lithuania	13%	Effective competition	Competitive oligopoly
		0% (min)		