

**PRESS RELEASE**  
**Number 70/2014**

Mexico City, December 17<sup>th</sup>, 2015

**CFE PRESENTS TO IFT A REQUEST TO AUTHORIZE TO GIVE ITS GRANT TO TELECOMM TO  
OPERATE THE BACKBONE**

- The process is progressing according to the work plan established in order to establish a robust backbone network that provides data transport to the telecommunications operators, generating greater coverage and competition in broadband services with higher quality and lower prices
- It is expected that by the end of March next year, the Plenary of the Institute will resolve and issue the appropriate relevant opinion; meanwhile, CFE and TELECOMM will work in drafting the transfer agreement and the other instruments necessary for its implementation

Today, the Federal Electricity Commission (*Comisión Federal de Electricidad*, CFE) gave the Federal Telecommunications Institute (*Instituto Federal de Telecomunicaciones*, IFT) the request to authorize the regulatory body will give up its concession to install, operate and exploit a public telecommunications network for *Telecomunicaciones de México* (TELECOMM), as established in the constitutional reform in the matter enacted last year and on schedule.

In a ceremony headed by Commissioner President of IFT, MSc. Gabriel Contreras, who was accompanied by Commissioners. Dr. María Elena Estavillo Flores, MSc. Adolfo Cuevas Teja, MSc. Mario Fromow Rangel, Dr. Ernesto Estrada González and MSc. Luis Fernando Borjón Figueroa, holders of the CFE and Telecom, Dr. Enrique Ochoa Reza and Eng. Jorge Juraidini Rumilla, respectively, gave the necessary documentation for the processing of the procedure.

To witness the event were, by the Secretariat of Communications and Transportation (*Secretaría de Comunicaciones y Transportes*, SCT), MSc. José Ignacio Peralta Sanchez, Secretary for Communications, and MSc. Monica Aspe Bernal, head of the Coordination of Information Society and Knowledge (*Coordinación de la Sociedad de la Información y el Conocimiento*, CSIC), responsible within the SCT of the project.

According to Fifteenth Transitory Article of the Constitution of the United States of Mexico, the CFE give in its concession totally to TELECOMM to install, operate and exploit a public telecommunications network and will transfer all resources and equipment necessary for the operation and exploitation of the concession, except for the optical fiber, rights of way, towers, posts, buildings and facilities.

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CFE will ensure to TELECOMM the effective access and shared the infrastructure for efficient use, in order to achieve the proper exercise of its functions and the fulfillment of its objectives.

Meanwhile, TELECOMM have power and resources to promote access to broadband services, plan, design and execute the construction and growth of a robust telecommunications backbone with national coverage, as well as satellite communication and the provision of telegraph service. This is in accordance with the guidelines and agreements issued by the IFT.

It is expected that by the end of March next year, the Plenary of the Institute will resolve and issue the relevant opinion; meanwhile, CFE and TELECOMM work in drafting the transfer agreement and the other instruments necessary for its execution.

#### Deadlines for the development of the Core Network

Action	Date	Status	Authorities
Signing of Memorandum of Understanding between CFE and Telecomm for the transfer of the concession to operate and exploit a public telecommunications network from CFE to Telecomm.	May 27, 2014	Concluded	CFE Telecomm SCT
Tender for the procurement of technical and administrative services audit prior to the assignment of granting CFE to Telecomm.	August 22, 2014 (date of publication of the judgment)	Concluded	SCT
Signature of the specific Backbone agreement between IFT and SCT.	October 9, 2014	Concluded	SCT IFT
Delivery of the results of the technical and administrative audit	December 16, 2014	Concluded	SCT

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Action	Date	Status	Authorities
Request for authorization from the Plenary of IFT of the transfer of the concession of CFE to Telecomm	December 17, 2014	Concluded	CFE Telecomm IFT
IFT Opinion on the application for authorization of the transfer of the concession of CFE Telecomm	March 2015 (scheduled)	Slope	IFT
Tender for hiring experts for the development of an optimal plan of operation and expansion of the Core Network	January 2015 (expected date of publication of the judgment)	In process	SCT
Issuing guidelines and agreements to which the tenth article of the decree fifth transitional constitutional amendment in telecommunications matters.	March 2015	Slope	IFT
New model for the operation and expansion of the Core Network	September 2015	Slope	SCT Telecomm

"With the backbone and wholesale shared public network we can meet the objectives of having greater penetration, quality, cost and access in benefit of users. Corresponds to IFT do their work for the assignment is concrete and issue regulations to ensure that goals are met," said Gabriel Contreras.

He stressed that, because this is a project of the largest, is crucial to coordinate actions between the authorities involved, which allow the Institute, as part of its powers, to regulate in the best way to make this a success for the Mexican State.

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For his part, Dr. Enrique Ochoa Reza said that this request assignment fulfills the constitutional mandate reform in telecommunications, signed by President Enrique Peña Nieto, and the deadline established in the Memorandum of Understanding, to make delivery of the request before December 18.

He added that the CFE is committed to continue working to not affect, in any way, the services provided under concession, until the time TELECOMM completely take over the operation of the telecommunications network. Also, the CFE will keep active all coordination mechanisms for the proper functioning of the electrical infrastructure.

In turn, Jorge Juraidini Rumilla highlighted the excellent coordination that has been maintained between all agencies involved in the implementation on time and this constitutional mandate.

"Today we make a commitment to accept and enforce all objectives of the concession of the Core Network, and the provisions established by the IFT itself so that this great tool in telecommunications infrastructure translates into benefits for all Mexicans. We will be working to transfer this major asset of Mexico, is done in an orderly way and establish the necessary protocols with the CFE team to make it happen, "said Juraidini.

The operation and exploitation of Backbone Optic Fiber is one of the three pillars of the work done by Telecommunications Mexico, along with the operation of the Mexican Satellite System and promoting the financial inclusion through a network of nearly 1,700 Telecomm Telegrafos branches that are located strategically distributed throughout the country.

Mónica Aspe, responsible for the SCT of the Core Network said yesterday the results of the technical and administrative audit by PwC, in order to know the status of the assets of the CFE related to its concession were delivered and the current state of TELECOMM to receive, operate and exploit, in order to ensure that the transfer of the concession is carried out in an orderly and efficient manner. Aspe mentioned that the results delivered, provide valuable and necessary for the transition a success information.

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In parallel, the SCT began the process of hiring experts for the development of an optimal plan for network expansion, which will consider the growth in capacity and coverage, so Mexico can have a telecommunications robust backbone, in the terms ordered by the Constitution.

With these actions, the institutions corresponding the compliance with these constitutional provisions reaffirm their commitment to the objectives of the reform in telecommunications will translate into more and better telecommunications services for Mexicans.