1. Explain the following techno-economic terms briefly (max 5 sentences per term).
   a. Flat rate
   b. Free riding
   c. Long-run incremental cost
   d. Virtual mobile network operator
   e. Tatonnement
   f. Consumer surplus

2. Assume a market with positive network effects and N potential customers (N=100) indexed by i = 1…N. Willingness to pay of customer i is \( u_i(n) = ni \) for a unit of good given that n other customers will be using it. Customers can always return the good and get refund if the price goes below utility. Assume price \( p=900 \) posted. Calculate the possible equilibrium points and define conditions for reaching them. Define the socially optimal point and conditions for reaching it.

3. Describe schematically the GRX-based charging model for roaming traffic between GPRS operators.

4. Describe the EU regulatory process schematically.

5. The present value of a customer to an operator equals her switching cost. Assume that operator has a variable monthly cost of 20 EUR per customer. Further, it costs a customer 80 EUR to switch from one operator to another. Supposing a monthly interest rate of 1%, what is the equilibrium price setting for a monthly subscription. At equilibrium, operators are profitable and customers don’t have incentive to switch operators.