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Judy Simonson
Government Affairs Vice President

Suite 1000
1120 20th Street, N.W.
Washington, DC 20036
202 457-3890
FAX 202 457-2545
PAGER 800 759-8888
PIN 2921102
EMAIL jsimonson@attmail.com

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November 14, 1997

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, NW, Room 222
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: Ex Parte Meeting
IB 97-142 - Rules and Policies on Foreign Participation in the
U.S. Telecommunications Market

Dear Ms. Salas:

On Thursday, November 13, 1997, Marius Schwartz, on behalf of AT&T, and I met with Peter Tenhula of Commissioner Powell's office to discuss the settlements manipulation by foreign affiliate entrants. AT&T demonstrated that switched resellers, like C&W, GTE and others, can manipulate the settlements subsidy in favor of their affiliates and AT&T proposed solutions. AT&T also discussed its concerns with the Telmex/Sprint 214 and the Sprint accounting rate modification.

Because of the lateness of the day two copies of this Notice are being submitted on the following business day to the Secretary of the Federal Communications Commission in accordance with Section 1.1206(a)(1) of the Commission's rules.

Sincerely,

Attachments

cc: Peter Tenhula

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CABLE & WIRELESS PLC TELECOMMUNICATIONS AFFILIATES
(Does not include Mobile Communications providers)

| C&W Affiliate | % C&W Ownership | Country | Current Settlement Rate | Benchmark Rate (Year) | 1996 Net Outpay | Affiliate Status | Comments |
|--|-----------------|--------------------|-------------------------|-----------------------|-----------------|------------------|---|
| C&W (West Indies) | 100 | Anguilla | \$.455 | | \$873,647 | Monopoly | |
| C&W (West Indies) | 100 | Antigua | \$.455 | \$.19 (2000) | \$10,383,533 | Monopoly | |
| C&W | 100 | Ascension Is. | \$1.00 | | | Monopoly | |
| C&W Group | 100 | Bermuda | \$.350 | \$.15 (1999) | \$2,334,347 | Monopoly | In Jan. '97, the Bermuda govt. granted another company a license to provide international services in competition w/ C&W. C&W has appealed w/ the Bermuda Supreme Court |
| C&W | 100 | British Virgin Is. | \$.455 | | \$1,965,901 | Monopoly | |
| C&W Group | 100 | Cayman Islands | \$.455 | \$.15 (1999) | \$3,260,643 | Monopoly | |
| C&W | 100 | Diego Garcia | \$.450 | | | Monopoly | |
| C&W | 100 | Falkland Is. | \$1.00 | | | Monopoly | |
| C&W | 100 | Montserrat | \$.455 | | \$2,188,351 | Monopoly | |
| Cable & Wirless (Seychelles) Limited | 100 | Seychelles | \$1.25 | \$.19 (2000) | \$486,403 | Monopoly | |
| C&W | 100 | St. Helena | \$1.00 | | \$64,453 | Monopoly | |
| C&W | 100 | St. Lucia | \$.455 | \$.19 (2000) | \$4,767,249 | Monopoly | |
| C&W (West Indies) | 100 | St. Vincent | \$.455 | \$.19 (2001) | \$10,882,764 | Monopoly | |
| C&W | 100 | Tonga | \$1.00 | \$.19 (2001) | \$3,101,823 | Monopoly | |
| C&W | 100 | Turks & Caicos Is. | \$.455 | | \$3,801,661 | Monopoly | |
| Mercury | 100 | United Kingdom | \$.070 | \$.15 (1999) | \$12,875,452 | Non-Dominant | Net Outpayment based on Mercury's 26.8% share of UK market in 1996 |
| Barbados External Telecommunications Limited | 85 | Barbados | \$.525 | \$.19 (2000) | \$11,824,031 | Monopoly | |
| Telecommunications of Dominica Ltd. | 80 | Dominica | \$.455 | \$.19 (2001) | \$4,797,316 | Monopoly | |
| Telecommunications of Jamaica Limited | 79 | Jamaica | \$.625 | \$.19 (2001) | \$115,696,624 | Monopoly | |
| Grenada Telecommunications Ltd. | 70 | Grenada | \$.455 | \$.19 (2001) | \$6,017,617 | Monopoly | |
| St. Kitts & Nevis | 65 | St. Kitts & Nevis | \$.455 | \$.19 (2000) | \$3,226,887 | Monopoly | |

Source: Cable and Wireless Public Limited Company, Securities and Exchange Commission, Form 20-F, For the Fiscal Year Ended 3/31/97, FCC Preliminary 1996 International Traffic Data (43.61), TeleGeography 1997/98

CABLE & WIRELESS PLC TELECOMMUNICATIONS AFFILIATES

(Does not include Mobile Communications providers)

| C&W Affiliate | % C&W Ownership | Country | Current Settlement Rate | Benchmark Rate (Year) | 1996 Net Outpay | Affiliate Status | Comments |
|--|-----------------|-------------------|-------------------------|-----------------------|-----------------|------------------|---|
| Sakhalin Telecom | 60 | Far East Russia | \$.583/\$1.12 | \$.19 (2001) | | Non-Dominant | |
| Hongkong Telecom | 59 | Hong Kong | \$.393 | \$.15 (1999) | \$207,969,979 | Monopoly | |
| CTM | 51 | Macau | \$.650 | \$.15 (1999) | \$1,098,663 | Monopoly | "CTM is managed and 51% owned by the Company [C&W]" |
| Yemen International Telecommunications Company | 51 | Yemen | \$.750 | \$.23 (2002) | \$14,950,334 | Monopoly | |
| Optus | 49 | Australia | \$0.208 | \$.15 (1999) | \$7,305,827 | Non-Dominant | 24.5% C&W ownership in 1996; options to exercise 55% Net Outpayment based on Optus's 27% share of Australian market in 1996 |
| Fiji International Telecommunications Ltd | 49 | Fiji | \$.950 | \$.19 (2001) | \$4,350,170 | Monopoly | |
| Lattelekom SIA | 49 | Latvia | \$.881 | \$.19 (2001) | \$1,973,986 | Monopoly | |
| Cable & Wireless Panama, SA | 49 | Panama | \$.600 | \$.19 (2001) | \$32,815,721 | Monopoly | "On May 29, 1997 the Company [C&W] acquired 49 per cent and management control of..." |
| C&W Group | 49 | Trinidad & Tobago | \$.575 | \$.19 (2000) | \$40,004,088 | Monopoly | |
| Dhivehi Raajjeyge Gulhun Private Limited | 45 | Maldives | \$1.25 | \$.19 (2001) | \$228,442 | Monopoly | |
| Solomon Telekom Company Ltd. | 42 | Solomon Islands | \$1.00 | | \$193,280 | Monopoly | |
| ETPI | 40 | Philippines | \$.500 | \$.19 (2001) | \$8,160,795 | Non-Dominant | Net Outpayment based on ETPI's 5% share of Philippine market in 1996 |
| Telecom Vanuatu Ltd. | 33 | Vanuatu | \$2.00 | \$.19 (2001) | \$139,444 | Monopoly | |
| PLD Telekom, Inc | 32 | Russia | \$.583/\$1.12 | \$.19 (2001) | | Non-Dominant | PLD 1996 share of Russian market unknown. |
| Bahrain Telecommunications | 20 | Bahrain | \$.80 | \$.19 (2000) | \$6,393,572 | Monopoly | |
| International Digital Communications, Inc. | 17.6 | Japan | \$0.436 | \$.15 (1999) | \$30,975,857 | Non-Dominant | Net Outpayment based on IDC's 18.1% share of Japan market in 1996 |
| Bezeq | 10 | Israel | \$.590 | \$.15 (1999) | \$105,900,093 | Dominant | Bezeq was a monopoly in 1996 |
| Total | | | | | \$362,647,107 | | % C&W Ownership x 1996 Net Outpay |
| Subsidy | | | | | \$271,985,330 | | @ 75% |

Source: Cable and Wireless Public Limited Company, Securities and Exchange Commission, Form 20-F, For the Fiscal Year Ended 3/31/97, FCC Preliminary 1996 International Traffic Data (43.61), TeleGeography 1997/98