



PUBLIC CONSULTATION NOTICE

FAIR TRADING COMMISSION

REVIEW OF THE PRICE CAP MECHANISM

The Fair Trading Commission (the Commission), the regulator of domestic and international telecommunications services is seeking public input into the Review of the current Price Cap Mechanism used by Cable & Wireless Co. Ltd. to determine rates for regulated domestic and international services.

In April 2005, the Commission, replaced the rate of return system with a price cap mechanism as the tool for the economic regulation of Cable & Wireless (Barbados) Ltd. The current price cap plan was agreed for three and a third years and will conclude on July 31, 2008. The Commission's Decision included provisions for a review of the price cap mechanism prior to its conclusion. This public consultation is one of two elements of the review. The other element will involve the Commission engaging the services of consultants to review the price cap mechanism and assess the Company's operating and financial performance.

The Price Cap Mechanism

The main objectives of the Price Cap Mechanism are to:

- (a) provide the Company with the incentive to be innovative and replace plant in an efficient and prudent manner;
- (b) allow efficiency gains to be passed onto customers through reduced prices of telecommunications services;
- (c) streamline regulatory procedures relating to rate changes; and
- (d) facilitate pricing flexibility and responsiveness to evolving technological, legal and market conditions.

Objectives of the Consultation

The purpose of this consultation is to obtain public input which will help the Commission in ascertaining:

- (a) whether the price cap mechanism has achieved the objectives for which it was originally designed;
- (b) whether there is a need to modify the principles, indices, or rules of the price cap plan in view of the performance of the Company and developments in the telecommunications sector; and
- (c) whether the Commission should consider an alternative form of incentive regulation.

Consultation Timetable

The Consultation period will run from September 19th to October 19th 2007. During this period, the Consultation Paper will be available, free of charge, from the Commission's office, from 9 a.m. to 4 p.m., Mondays to Fridays. Copies of the Consultation Paper can also be obtained from the Commission's website at <http://www.ftc.gov.bb>.

Comments should be submitted, in writing, on or before Friday October 19, 2007 to:

Chief Executive Officer
Fair Trading Commission
Manor Lodge
Lodge Hill
St. Michael
Barbados

or by email to info@ftc.gov.bb.

For further information please contact the Commission at (246) 424-0260