



March 17, 1999

Division of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

*RE: Teligent Inc.'s Year 2000 Preparations and Readiness*

To Whom It May Concern:

In response to the Commission's Review of Regulated Utilities' Year 2000 Preparations and Readiness (Telecommunications), please find enclosed Teligent Inc.'s ("Teligent") latest Year 2000 Readiness Disclosure. Teligent provides this disclosure in response to survey requests. The disclosure may be found on our website at <http://www.teligent.com> and is updated on an on-going basis. Please call Tom Matthews at (703) 755-8173 or me with any questions.

Sincerely,

Stuart H. Kupinsky  
v. 703.762.5203

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Year 2000 Readiness Disclosure Under the  
Year 2000 Information and Readiness Disclosure Act of 1998

February 24, 1999

*The Year 2000 Challenge.* An issue affecting Teligent ("Teligent" or the "Company") and other companies is whether computer systems and applications will recognize and process date data for the Year 2000 and beyond. The "Year 2000 issue" arises primarily because many computer programs were written using two, rather than four digits to identify the applicable year. As a result, date-sensitive computer programs may recognize a two-digit code for a year in the next century as one related to this century. For example, "00," entered in a date field for the Year 2000 may be interpreted as the Year 1900, resulting in system failures or miscalculations and disruption of operations. The Company's management recognizes that the turn of the century poses a significant challenge for businesses of all sizes to make their computer equipment, software and data ready to accept and correctly handle Year 2000 date data.

Teligent uses the term "Year 2000 ready" to describe the status of our systems, applications, and services. To be considered Year 2000 ready, the system, application, or service must undergo certain inventory, assessment, testing/remediation, and/or implementation processes and, to the extent applicable, be able to read, compute, store, process, display, and print calendar dates falling before, on, and after December 31, 1999, without material interruption or degradation of performance, provided that all other products (*e.g.*, hardware, software, and firmware) used in combination with the system, application, or service are Year 2000 ready.

*The Company's Response.* Teligent's first priority in its Year 2000 effort is to protect mission-critical operations from material service interruptions that could occur as a result of the Year 2000 transition. Teligent defines mission-critical operations as those systems and applications that are vital to the provision of voice, video and data switching, processing and transport services to our customers. To that end, in September 1998 management presented a report to the Teligent Board Audit Committee outlining issues and areas that management felt should be considered in connection with the Company's preparation of a Year 2000 plan. Around that same time, the Company appointed a Year 2000 committee to lead the Company-wide effort to assess the scope of the Company's risks and ensure its applications will function properly. The Company's Year 2000 committee consists of senior executives and other key personnel charged with the responsibility of directing the Company's Year 2000 activities and facilitating timely resolution of issues, obstacles and decisions relating to the Year 2000 effort.

*The Company's Status of Readiness.* Teligent's approach to addressing the Year 2000 challenge is consistent with industry practice and is organized into four key phases:

(1) Inventory -- identify related data for any element within the Teligent enterprise that may be impacted by the Year 2000 date change;

(2) Assessment -- analyze Teligent's Year 2000 exposure based on available information and determine risks to Teligent's business continuity. Risk is a factor of the likelihood of Year 2000 problems occurring and the impact of such occurrences on the Company;

(3) Test & Remediate -- validate the assessment, determine remediation approach, and take remediation action if the Company deems it necessary and appropriate. Remediation may entail repair, replacement, manual work-arounds, or, in some cases, no action. In this phase the Company will develop mitigation and contingency plans for mission critical aspects of the Company's business; and

(4) Implement -- place mitigation and contingency plans into effect in order of priority based on mission criticality, and, where necessary, validate remediation action.

For purposes of its Year 2000 efforts, Teligent has divided its operations into five categories or functions: IT infrastructure; end user computing; suppliers; facilities and equipment; and products and services. The Company has substantially completed a Year 2000 inventory of its IT infrastructure and end user computing functions, and has made substantial progress with respect to its assessment of these functions. Teligent's remediation and implementation progress for these functions is, accordingly, in the initial stages. The Company has made substantial progress inventorying its products and services, suppliers, and facilities and equipment. Teligent is in the initial stages of assessing of these functions, and remediation and implementation phases will follow.

Generally, Teligent contractually requires its key vendors and suppliers to warrant in writing that they are Year 2000 ready. The majority of Teligent's mission-critical systems have been acquired from third party vendors. Teligent has identified certain key vendors and contacted those vendors to discuss the readiness of their respective products. These discussions are ongoing. In the event that a vendor or supplier is not able to provide satisfactory Year 2000 assurances, the Company will monitor the vendor's progress in this area and, if appropriate, may arrange to have available an alternate vendor or supplier who can give such assurances. Similar to other telecommunications providers, Teligent's products and services are also dependent upon other service and telecommunications providers. With respect to those providers with which our systems interface and exchange data, Teligent is initiating or continuing discussions regarding their Year 2000 readiness.

*Costs to Address Year 2000 Issues.* Teligent has not determined the exact costs and expenses it expects to incur relating to preparation of its systems for the Year 2000. The principal cost identified to date is the Company's retention of external consultants together with the cost of internal resources, both dedicated to Year 2000 program management, inventory, and assessment efforts, which costs are estimated to be less than \$5 million. Based on current assessments and compliance plans in process, Teligent does not expect that the Year 2000 issue, including the cost of making its mission critical systems and applications Year 2000 ready, will have a material adverse effect on its business operations, consolidated financial condition, cash flows and results of operations.

*Risk Associated with the Company's Year 2000 Issues.* Despite the Company's efforts to address the Year 2000 impact on operations, the Company may not be able to fully identify such impact or resolve it without disruption to the Company's business and without incurring significant expense. If appropriate modifications are not made on a timely basis by Teligent's vendors or by other providers on which Teligent depends, or if Teligent's actual costs or timing for its Year 2000 readiness differ materially from its present estimates, the Company's operations and financial results could be significantly adversely affected. In particular, there can be no assurance that the systems of other parties upon which Teligent's business relies will be ready on a timely basis.

*The Company's Contingency Plans.* The Company's contingency plans, which will be developed as the inventory and assessment phases progress, will be designed to minimize the disruptions or other adverse effects resulting from Year 2000 incompatibilities with respect to mission-critical systems.

The Company's contingency plans will contemplate an assessment of all its critical internal information technology systems and its internal operational systems that use computer-based controls. In addition, the Company will assess any critical disruptions due to Year 2000-related failures that are external to the Company. These processes will begin January 1, 2000, and will continue as long as circumstances require.

It is contemplated that the Company's contingency plans will include the creation of teams that will be prepared to respond immediately and as necessary to critical Year 2000 problems as soon as they become known. The composition of teams that are assigned to deal with such problems will vary according to the nature, significance, and location of the problem.

*Forward-Looking Statements.* The foregoing Year 2000 discussion contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements, including without limitation, anticipated costs and the dates by which the Company expects to complete certain actions, are based on management's best current estimates, which were derived utilizing numerous assumptions about future events, including the continued availability of certain resources, representations received from third parties and other factors. However, there can be no guarantee that these estimates will be achieved, and actual results could differ materially from those anticipated. Specific factors that might cause such material differences include, but are not limited to, the ability to identify and remediate all relevant IT and non-IT systems, results of Year 2000 testing, adequate resolution of Year 2000 issues by governmental agencies, businesses and other third parties who are service providers, suppliers, borrowers or customers of the Company, unanticipated system costs, the adequacy of and ability to implement contingency plans and similar uncertainties. The "forward-looking statements" made in the foregoing Year 2000 discussion speak only as of the date on which such statements are made, and the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events.

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