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CABLE & WIRELESS COMMUNICATIONS PLC WINS COSTS FOR DIGICEL CASE

Cable & Wireless Communications today announces it has been awarded its costs of successfully defending the claims by its Caribbean competitor, Digicel, in the UK High Court.

The High Court last week dismissed the claims that Cable & Wireless Communications had unlawfully delayed Digicel's entry as a competitor in Caribbean telecoms markets.

Today it ordered Digicel to pay Cable & Wireless Communications and defendant parties' costs of their defence. The defendants expect to recover the substantial majority of their costs - which ran to at least £15.5 million (US\$24 million). Cable & Wireless Communications' costs recovery will be accounted for as an exceptional gain in its 2010/11 accounts. The case was heard over 77 sitting days in the High Court in London, UK, and heard evidence from 43 witnesses.

Digicel issued its proceedings in July 2007, the day before the Cable and Wireless plc AGM, and at the time announced its claim amounted to "several hundreds of millions of pounds" of damages.

In his costs judgement, Mr Justice Morgan, made a number of comments criticising Digicel's conduct of its case. He said:

- Digicel's serving of the claim and press announcement were intentionally timed "so that those matters would be potentially damaging to Cable & Wireless plc".
- The damages figure quoted Digicel original press statement was "grossly exaggerated", that it had "massively over claimed" and had "put forward an excessive number of allegations of unlawful acts" in its claim.
- Digicel's claim that Cable & Wireless plc had acted in a conspiracy was "always improbable" and was "speculative" and "weak".
- He said: "For some reason, the Claimants were determined to make a case against Cable & Wireless Plc"
- Digicel's announcement following last week's judgement was an attempt "to put the best spin possible on a very bad result"

Background to the case

The case involved claims that the Cable & Wireless Communications Group had breached the telecoms statutes in six Caribbean territories (Barbados, Cayman, St Lucia, St Vincent & the Grenadines, Grenada and the Turks & Caicos islands) which Digicel was entering as a competitor to Cable & Wireless Communications between 2002-06. Similar allegations were also made against TSTT, the Trinidad & Tobago-based telecom operator, in which Cable & Wireless Communications holds a minority stake.

The High Court ruled Cable & Wireless Communications was entitled to costs in six out of the seven jurisdictions on an enhanced "indemnity basis". The seventh jurisdiction is Trinidad & Tobago, where the court ruled Digicel to pay 87.5% of its recoverable costs. The Court further ordered Digicel to pay the defendants £8 million (US\$12 million) of the costs within 28 days on account of its ultimate liability for costs.

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About Cable & Wireless Communications

Cable & Wireless Communications is a full-service telecommunications business. We operate leading telecommunications businesses through four regional units – the Caribbean, Panama, Macau and Monaco & Islands. Our services include mobile, broadband and domestic and international fixed line services in most of our markets as well as pay-TV, data centre and hosting, carrier and managed service solutions. Our operations are focused on providing our customers – consumers, businesses, governments – with world-class service. We are the market leader in most products we offer and territories we serve. For more information visit cwc.com