



**CABLE & WIRELESS**

**Nick I Cooper**  
Group General Counsel & Company Secretary

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Private & Confidential

Richard Lapthorne

6<sup>th</sup> June 2007

Dear Richard

### Appointment as Chairman of Cable and Wireless plc

This letter is to confirm the terms on which the Company employs you and you serve the Company as Chairman (the "Appointment"). You must devote all such time, attention and skill as is necessary for the proper and efficient discharge of your office.

1. **Duties**
  - (a) **Appointment:** You are currently appointed as director and Chairman of the Company.
  - (b) **Articles:** Your appointment is subject to the Company's Articles of Association, including, for example, such requirements regarding retirement and re-election as may apply from time to time.
  - (c) **Role:** Your role as Chairman may, inter alia, include the following:
    - (i) responsibility for the development of the corporate strategy of the Company, and overall accountability for ensuring the implementation of that strategy;
    - (ii) responsibility for the guidance and supervision of the executive directors;
    - (iii) ensuring a clear structure for the effective running of the two operational business units and the corporate centre;
    - (iv) representing the Company's interests, which is acknowledged to require a substantial time commitment, including overseas travel to and attending meetings outside the UK;

- (v) chairing the Board and general meetings of the Company, including setting the agenda of such meetings;
  - (vi) promoting the highest standards of integrity, probity and corporate governance throughout the Company and group companies and particularly at Board level;
  - (vii) ensuring that the Board of Directors receives accurate, timely and clear information;
  - (viii) promoting effective communication with shareholders;
  - (ix) facilitating the effective contribution of non-executive directors and ensuring constructive relations between executive and non-executive directors;
  - (x) ensuring clear structure for, and the effective running of, board committees;
  - (xi) ensuring that the performance of the board, its committees and individual directors is evaluated at least once a year;
  - (xii) scrutinising the performance of management in meeting agreed goals and objectives and monitoring the reporting of performance
  - (xiii) satisfying yourself that financial information is accurate and that financial controls and systems of risk management are robust and defensible;
  - (xiv) serving on such committees as may be appropriate from time to time, currently the nomination committee, and attending committee meetings;
  - (xv) abiding by your fiduciary duties as a director of the Company;
  - (xvi) diligently performing your duties and using your best endeavours to promote, protect, develop and extend the business of the Company;
  - (xvii) immediately reporting your own wrongdoing or the wrongdoing or proposed wrongdoing of any other employee or director of the Company of which you become aware to the Board Directors.
- (d) **Compliance:** You are required during the Appointment to comply (and ensure that any spouse and/or dependent children comply) with: all applicable rules of law; every rule or regulation of the Financial Services Authority as the UK Listing Authority, including the Disclosure Rules; the rules of the London Stock Exchange and every other market on which the Company is listed, and the Company's applicable codes of conduct in relation to dealings in shares, debentures or other securities of the Company or any other group company and any unpublished price sensitive information affecting the securities of any other company. Failure to comply with these obligations during the course of the Appointment will constitute gross misconduct.

- (e) **Outside interests:** You must not accept any new appointment to any office in relation to any body, whether corporate or not (other than a group company) or directly or indirectly be interested in any manner in any other business except:
- (i) as holder or beneficial owner (for investment purposes only) of any class of securities in a company if those securities are listed or dealt in on a recognised investment exchange and if you (together with your spouse, children, parents and parents' issue) neither holds nor is beneficially interested in more than 3% of the securities of that class; or
  - (ii) with the consent of the Board of Directors of the Company (or a duly authorised committee of the Board).

If you become aware of any potential conflicts of interest, these should be disclosed to the company secretary as soon as you become aware of them.

- (f) **Confidentiality:** During your employment you will not use or disclose, directly or indirectly, trade secrets or confidential information belonging to the Company, or any group company, except in the proper performance of your duties or as required by law. This obligation will continue to apply to you after your employment ends for so long as the information remains confidential.

## 2. Place of work

Your normal place of work is the Company's head office from time to time. At times when you are not performing duties in the head office, you will need to be contactable by the Company.

## 3. Remuneration and benefits

- (a) **Salary:** You will be paid basic salary, subject to appropriate deductions, at the rate of £386,000 per year, in equal three monthly instalments in advance. Such salary includes any fees to which you may be entitled as a director of the Company or any group company. Such salary is not due for review before 31 March 2010.
- (b) **Car:**
- (i) The Company provides you with a Company car (the "Car").
  - (ii) The Company shall tax and comprehensively insure the Car and pay or reimburse the cost of running, servicing and repairing the Car other than fuel used for private mileage.

- (iii) You have been granted an option to assume ownership of the Car for the sum of £1,000 which can be exercised, provided that your appointment as director of the Company continues until 9 January 2009 ("the Date") (or is terminated earlier by the Company in circumstances in which you are deemed in the reasonable opinion of the Company to be a good leaver), by giving written notice of your wish to do so to the Company within 7 days of the Date.
- (iv) You hereby indemnify the Company in respect of any obligation to the tax authorities it meets on your behalf in relation to the provision, option to purchase or purchase of the Car and agree that such sums may be deducted from any fees or other monies due to you from the Company at any time.
- (c) **Pension:** You are not eligible to participate in any Company pension scheme and no contribution will be made by the Company towards any pension arrangements for your benefit. There is no contracting out certificate in force in respect of your employment. You are eligible to participate in a stakeholder pension scheme.
- (d) **Death in Service Benefit:** The Company shall ensure that during the period of your employment it will effect and maintain, at the Company's expense, death-in-service benefit for you to assure a sum equal to four times your basic salary from time to time.
- (e) **Holiday:** You are entitled to 5 weeks holiday in each holiday year in addition to bank and public holidays. Holiday may not be carried forward from one holiday year to the next.
- (f) **Sickness:** You are eligible to receive Statutory Sick Pay only. Any additional payment shall be made at the Company's absolute discretion.

#### 4. Termination

- (a) **Notice / PILON:** Your employment may be terminated by either party giving not less than one year's notice in writing to the other party. The Company shall be entitled at its absolute discretion to terminate your employment on no notice or less than full notice by paying a sum equal to your basic salary (calculated at the rate that applies on the date notice is served) in lieu of the unexpired part of his notice period. For the avoidance of doubt, any decision by the Company to make a payment in lieu of notice shall be without prejudice to your option to purchase a car in accordance with paragraph 3(b) above.
- (b) **Re-election:** The failure of the Company to re-elect you as a Director and/or as Chairman shall be deemed to be a termination of your Appointment by the Company.

#### 5. Miscellaneous

- (a) **Expenses:** The Company will reimburse you for all reasonable business expenses incurred in the proper performance of your duties and the cost of a car and chauffeur. Reimbursement of expenses is subject to the Company's expenses policy in force from time to time including the prompt submission of documentary evidence satisfactory to the Company that such expenses have been properly incurred.

- (b) **Discipline and grievances:** Such disciplinary, dismissal and grievance policies as the Company may notify to you from time to time shall apply to your employment. For the avoidance of doubt, any such policies shall not confer contractual rights upon you. If you are dissatisfied with any disciplinary decision you should appeal to the Board. If you have a grievance relating to your employment you should raise it in the first instance with the most senior independent director. If the matter is not satisfactorily resolved, you may raise it with the Board, the decision of which will be final.
- (c) **Collective agreements:** No collective agreements directly affect the terms of your Appointment.
- (d) **Prior agreements:** This agreement replaces any prior agreement between you and the Company, and any group company, regarding the terms of your employment and appointment as director and Chairman.

Please would you sign and date the enclosed copy of this letter to confirm that you have read, understand and agree to the terms set out in this letter.

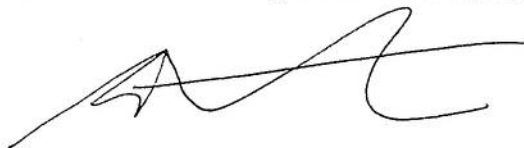
Yours sincerely



**N I Cooper**  
**Company Secretary**  
For and on behalf of Cable and Wireless plc

I have read, understand and agree to the terms set out in this letter

Signed



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Richard Laphorne

date of signature

6/6/07  
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