

This document is important and requires your attention. If you are in any doubt about the action you should take, you should consult your stockbroker, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all of your shares, please pass this document to the purchaser or transferee, or to the person who arranged the sale or transfer, so they can pass this document to the person who now holds the shares.

Cable & Wireless
Communications Plc

Scrip Dividend Scheme

June 2010



The information and table below sets out the action you should consider taking depending on your circumstances.

Existing Cable and Wireless plc scrip dividend participants:-

(a) Shares held in certificated form:-

If you were a shareholder in Cable and Wireless plc who had elected to join the Cable and Wireless plc Scrip Dividend Scheme prior to the demerger and you wish to continue to receive scrip dividends you need do nothing since your election will be automatically applied to the Cable & Wireless Communications Plc Scheme.

(b) Shares held through CREST:-

CREST shareholders who have previously submitted an evergreen CREST Dividend Election Input Message for the Cable and Wireless plc Scrip Dividend Scheme, will need to make a new election if they wish to join the Cable & Wireless Communications Plc Scrip Dividend Scheme by submitting a CREST Dividend Election Input Message.

If you were a shareholder in Cable and Wireless plc who had elected to join the Cable and Wireless plc Scrip Dividend Scheme prior to the demerger and you no longer wish to continue to receive scrip dividends and would like to receive cash dividends you will need to cancel your instructions. Please read the answer to questions 18 and 19 of this document.

Non Cable and Wireless plc scrip dividend participant:-

If you were either (i) not a shareholder in Cable and Wireless plc prior to the demerger; or (ii) a shareholder in Cable and Wireless plc prior to the demerger but not a participant in the Scrip Dividend Scheme and wish to receive dividends in cash in the usual way you need take no action and may disregard this document.

If you wish to receive shares in lieu of cash dividends and you hold your shares in certificated form, please complete the Mandate Form.

If you wish to receive shares in lieu of cash dividends and you hold your shares through CREST you will need to submit a CREST Dividend Election Input Message.

Summary Action Table

	If you want to receive Cash Dividends	If you want to receive Shares in lieu of Cash Dividends
Existing Cable and Wireless plc scrip dividend participant	Mandate must be cancelled – see questions 18 and 19 of this document	No action required if shares in certificated form New CREST Dividend Election Input Message if shares held through CREST
Non Cable and Wireless plc scrip dividend participant	No action required	Please complete Mandate Form if shares in certificated form Submit CREST Dividend Election Input Message if shares held through CREST

Please read this brochure carefully and retain it in case you need to refer to it in the future.

It contains the terms and conditions for the Scheme and should be read in conjunction with the accompanying Mandate Form.

1 What is the Cable & Wireless Communications Plc Scrip Dividend Scheme?

Cable & Wireless Communications Plc (the 'Company') will offer, subject to Shareholder approval at the Annual General Meeting of the Company on 21 July 2010, a Scrip Dividend Scheme (the 'Scheme') which enables you to receive new Ordinary Shares ('New Shares') instead of cash dividends. The Scheme makes it possible for you to increase your holding in the Company without incurring dealing costs, stamp duty or stamp duty reserve tax. At the same time, the Company retains cash for investment in the business which would otherwise be paid as a dividend.

2 Who can join the Scheme?

All UK Shareholders can join the Scheme. For details regarding overseas Shareholders please see question 13.

3 What if I was a participant in the Cable and Wireless plc Scrip Dividend Scheme?

If you hold your shares in certificated form, and you had already signed a Mandate Form for the Cable and Wireless plc Scrip Dividend Scheme, you do not need to take any further action unless you wish to receive dividends in cash in the future. If this is the case, you will need to cancel your existing mandate by writing to Equiniti at the address below at least 20 working days before the relevant dividend payment date. If you hold your shares through CREST and you wish to participate in the Company's proposed Scheme, you will need to submit a new CREST Dividend Election Input Message, for further details please see question 6.

4 What happens to residual cash balances from previous dividend payments made by Cable and Wireless plc?

Any residual cash balances from dividend payments made by Cable and Wireless plc will be carried forward and put towards the calculation of the next dividend payment by the Company.

5 How do I join the Scheme?

Please complete the Mandate Form and return it to Equiniti Ltd, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. No acknowledgement will be issued. In order to participate in the Scheme for the dividend to be paid on 12 August 2010, your completed Mandate Form must be received by Equiniti by 19 July 2010. Your Mandate will remain in force for all future dividends until cancelled by you in writing. For future dividends, Mandate Forms must be received by Equiniti at least 20 working days before the relevant dividend payment date to be eligible for that dividend. For details of Mandate Form return deadlines for each future interim and final dividend please refer to the

Company's website (www.cwc.com) or call the Equiniti share dividend helpline on 0871 384 2268. Calls to this number are charged at 8p per minute from a BT landline. Other provider costs may vary. Overseas shareholders should call +(44) 121 415 7173.

Mandate Forms received after the relevant deadlines will be applied in time for the next dividend.

6 How do I join the Scheme if I hold my shares electronically through CREST?

If you hold your shares through CREST you can elect to receive dividends in the form of New Shares by submitting a CREST Dividend Election Input Message. By doing so you confirm your election to participate in the Scheme and your acceptance of the terms and conditions of the Scheme.

The Dividend Election Input Message must contain the number of shares relating to your election if it is made by a CREST shareholder acting on behalf of more than one beneficial holder, and it is to apply to fewer than the number of shares held at the record date. If the number of elected shares is zero then it will be rejected. If the number of elected shares is either (i) greater than the shares held at the relevant record date or (ii) blank, then the election will be applied to the holding as at the relevant record date.

7 How many New Shares will I receive?

The number of New Shares you will receive for each dividend will depend on:

- o The amount of the cash dividend;
- o The number of Ordinary Shares registered in your name; and
- o The reference share price to be used in calculating your New Share entitlement. This will be the average of the closing middle market quotations of an Ordinary Share, derived from the London Stock Exchange Daily Official List, for the five business days starting on the day the Ordinary Shares are first quoted ex-dividend.

For 2010/2011 onwards, where the dividend is declared in US dollars, to calculate the exchange rate for the reference share price in US dollars, we will use the average GBP to US\$ exchange rate for the five business days starting on the day the Ordinary Shares are first quoted ex-dividend.

Fractions of New Shares cannot be issued and calculation of entitlement to New Shares will always be rounded down to the nearest whole New Share. Cash balances will be carried forward, without interest, and included in the calculation for the next dividend payment.

The dividend proposed in respect of 2009/10 will be paid in sterling.

Example Calculation where dividend declared in sterling (£):

- The cash dividend per Ordinary Share: £0.03
- Number of Ordinary Shares owned: 850
- Residual cash balance from previous dividend entitlement: £0.45
- Value of your cash dividend: £25.50
- The reference share price: £0.65
- Number of New Shares: $\text{£}25.50 + \text{£}0.45 = \text{£}25.95$ divided by $\text{£}0.65 = 39.923$
- Rounded down to 39 New Shares
- Value of New Shares: $(39 \times \text{£}0.65) = \text{£}25.35$
- Residual cash balance $(\text{£}25.95 - \text{£}25.35) = \text{£}0.60$ carried forward to the next dividend payment

For 2010/11 onwards, dividends payable by the Company will be declared in US dollars.

Example Calculation where dividend declared in US\$:

- The cash dividend per Ordinary Share: US\$0.05
- Number of Ordinary Shares owned: 850
- Residual cash balance from previous dividend entitlement: US\$0.25
- Value of your cash dividend: US\$42.50
- The reference share price: US\$1.20
- Number of New Shares: $\text{US}\$42.50 + \text{US}\$0.25 = \text{US}\$42.75$ divided by $\text{US}\$1.20 = \text{US}\35.625
- Rounded down to 35 New Shares
- Value of New Shares: $(35 \times \text{US}\$1.20) = \text{US}\42.00
- Residual cash balance $(\text{US}\$42.75 - \text{US}\$42.00) = \text{US}\$0.75$ carried forward to the next dividend payment

Where a residual cash balance has been held in sterling, this will be converted to US dollars using the same conversion rate used for the reference share price for the relevant dividend. Once converted into US dollars the residual cash balance will be carried forward in that currency.

8 How will I know how many New Shares I have received?

You will receive a statement together with your share certificate showing the number of New Shares you have received instead of the cash dividend and any residual cash balance carried forward to the next dividend payment. The statement will also contain details of the reference share price and the notional tax credit, which you will need for your tax return. If you wish to know the scrip dividend reference share price before this, please contact Equiniti three business days

after the record date of the particular dividend. Details will also be available on the Company's website, www.cwc.com

If on any occasion your cash dividend entitlement, together with any residual cash balance brought forward, is insufficient to acquire at least one New Share, you will receive a statement explaining that no New Shares have been issued to you and showing how much cash has been carried forward to the next dividend.

9 What will the Company do with the residual cash balance?

When working out your New Share entitlement, it is unlikely that the calculation will give rise to an exact number of New Shares. As fractions of New Shares cannot be issued, an entitlement to the residual cash balance will be carried forward, without interest, and included in the calculation for your next dividend payment.

In keeping with common practice followed by other company schemes, if you withdraw from the Scheme or if you sell or transfer your entire holding of Ordinary Shares, or if the Company terminates the Scheme or if (being the sole Shareholder) you die, are declared bankrupt, go into liquidation or suffer from mental incapacity, any residual cash balance will be paid to ShareGift, unless instructed otherwise in writing in advance by you. If you instruct us that you wish to receive your residual cash balance it will be paid to you in sterling at a rate to be determined at the time of payment. ShareGift is an organisation that aggregates small shareholdings to sell them and also accepts residual cash balances and donates the proceeds to a wide range of UK charities. Information relating to ShareGift can be found at www.sharegift.org

10 When will I receive my share certificate?

Subject to the New Shares being admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange, share certificates will be posted, at your risk, on or about the same day as dividend warrants are posted to Shareholders who are taking the dividend in cash. CREST members will have their CREST accounts credited directly with New Shares on the same day as the cash dividend is paid. In the unlikely event that the New Shares are not admitted to listing, the dividend for the Shareholders who have chosen to receive New Shares will be paid in cash as soon as reasonably practicable. When issued, the New Shares will rank equally in all respects with the existing Ordinary Shares and will qualify for all dividends declared in future.

11 Does the Scheme apply to Ordinary Shares held in joint names?

Yes, but all joint Shareholders must sign the Mandate Form.

12 Can I complete a Mandate Form for part of my holding?

No. Mandate Forms will not be accepted for part of a shareholding. The Mandate Form applies to the full number of Ordinary Shares registered in your name at any time.

Notwithstanding this, the Company may at its discretion permit a Shareholder to complete a Mandate Form in respect of a lesser number of Ordinary Shares than the full shareholding where that Shareholder is acting on behalf of more than one beneficial owner, i.e. a nominee Shareholder. Any such election in respect of part of a shareholding will continue to apply for future dividends to the number of Ordinary Shares specified until the election is altered or cancelled. A cash dividend will automatically be paid on any Ordinary Shares in respect of which a valid election to receive New Shares has not been received.

13 Can overseas Shareholders join the Scheme?

Yes, except for those resident in the USA and Canada. However, it is the responsibility of any person resident outside the United Kingdom wishing to receive New Shares to ensure that an election to receive such New Shares can validly be made without any further obligation on the part of the Company, and to satisfy himself or herself as to the full observance of the laws of the relevant territory, including complying with any regulatory or legal procedures which may be required and observing all other necessary formalities. Unless this condition is satisfied you may not participate in the Scheme or sign the Mandate Form.

14 What happens if I buy more shares after I have completed the Mandate Form?

Any additional Ordinary Shares which you buy, and which are registered in your name prior to the record date for any dividend, will be covered by the Mandate Form you have completed and you will receive New Shares instead of cash dividends for your entire holding.

15 What happens if I sell part of my holding?

The Scheme will apply to your remaining Ordinary Shares.

16 What happens if I have more than one holding?

If your Ordinary Shares are registered in more than one holding and you want to receive New Shares instead of cash dividends in respect of each holding, you must complete a Mandate Form for each holding. If you wish, you may ask Equiniti to combine your holdings. You cannot however combine a sole shareholding with a joint shareholding.

17 What are the tax effects?

The tax effects of taking New Shares will depend on each Shareholder's individual circumstances. Explanatory notes are given on page 7.

It must be stressed that if you are not sure how you will be affected, it is recommended that you consult your stockbroker, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000 before taking any action.

18 Can I cancel my instructions?

You may cancel your instructions at any time by writing to Equiniti Ltd, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. For a cancellation to be effective for a particular dividend, it must be received at least 20 working days before the payment date for that dividend. If a cancellation is received after that date, it will apply to all subsequent dividends.

All cash dividend payments for dividends from 2010/11 will be paid in sterling unless an election to receive payment in US\$ is received by Equiniti at least 20 working days before the payment date for that dividend.

Instructions will be cancelled immediately on notice of death, bankruptcy or mental incapacity of a Shareholder. If a joint Shareholder dies, the Mandate Form will continue in favour of the surviving joint Shareholder.

19 How do I leave the Scheme if I hold my shares electronically through CREST?

CREST shareholders can only cancel their election through the CREST system. CREST Messages should not be used to change an election in respect of the Scheme which was not made through CREST. A CREST notice of cancellation will take effect on its receipt and will be processed by our Registrars, Equiniti, in respect of all dividends payable after the date of receipt of such notice. A notice of cancellation must be received at least 20 business days before the relevant dividend payment date for it to be effective for that dividend. Notice must be received before 4.30pm (London time) on that date.

20 Can the Company amend, suspend or cancel the Scheme?

Operation of the Scheme requires Shareholder approval, which is being requested at the Company's AGM on 21 July 2010. This approval must be renewed every five years if the Directors wish to continue to offer the Scheme. The Scheme may be amended, suspended or terminated at any time at the discretion of the Directors without notice to Shareholders individually, except that individual notification will be given if any change is made to the way in which the entitlement of a Shareholder to New Shares is calculated. In the case of an amendment, your instructions will remain valid under the amended terms unless you notify Equiniti in writing to the contrary.

The operation of the Scheme is always subject to the Directors' decision to make an offer of New Shares in respect of any particular dividend. The Directors also have the power, after such an offer is made, to revoke the offer generally at any time prior to the allotment of the New Shares. This may, in particular, be exercised

if 20 working days prior to the dividend payment date the price of any Ordinary Share has fallen 15% or more below the reference share price. If the Directors revoke an offer, Shareholders will receive their dividend in cash on or as soon as possible after the dividend payment date.

21 What do I do if I have any questions?

Please write to the Share Dividend Team, Equiniti Ltd, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

If you wish to know the reference share price or have any other questions concerning the Scheme please call Equiniti on 0871 384 2268. Calls to this number are charged at 8p per minute from a BT landline. Other provider costs may vary. Overseas shareholders should call (+44) 121 415 7173.

Note: Please note that shareholders may not use any electronic address provided in either this document or any related documents to communicate with the Company or Equiniti for any purposes other than those expressly stated.

Glossary of terms

CREST	The relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI/3744)) in respect of which CRESTCo is the operator
Cable & Wireless Communications or Company	Cable & Wireless Communications Plc
Directors	The Directors of Cable & Wireless Communications Plc
London Stock Exchange	The London Stock Exchange Plc
Mandate	The instructions of a Shareholder as set out in a valid Mandate Form
Mandate Form	A mandate in a form provided by the Company from a Shareholder to the Directors to allot New Shares under the terms of the Scheme in lieu of cash dividends to which they may become entitled from time to time
New Shares	New Ordinary Shares issued under the Scheme
Ordinary Shares	Ordinary Shares of US\$0.05 each in the capital of the Company
Scrip Dividend Scheme or Scheme	The Cable & Wireless Communications Plc Scrip Dividend Scheme comprised in the terms and conditions contained in this document as amended from time to time
Scrip Dividend Scheme Brochure	This document
Shareholder	A holder of Ordinary Shares

Tax Information

The tax consequences of electing to receive New Shares in place of a cash dividend will depend on your individual circumstances. If you are not sure how you will be affected from a tax perspective, you should consult your solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000 before taking any action. The following summary is not exhaustive and is based on the Company's understanding of United Kingdom legislation and HM Revenue & Customs' practice current as at 2 June 2010 and in particular does not take into account any changes to United Kingdom legislation which may be enacted following the General Election of 6 May 2010. The Company will use its reasonable endeavours to keep this summary up to date on its website (www.cwc.com).

UK resident Ordinary Shareholders should not incur any dealing costs, stamp duty or stamp duty reserve tax in relation to the shares they receive under the Scheme.

UK tax resident individual shareholders Income tax

An individual Shareholder who is a UK resident, and elects to receive New Shares, will have the same liability to income tax as the Shareholder would have had on the receipt of a cash dividend of an amount equal to the cash equivalent of the New Shares. The cash equivalent of the New Shares will be the amount of the cash dividend that the Shareholder would have received if the Shareholder had not elected to take New Shares, unless the market value of the New Shares on the first day of dealing on the London Stock Exchange differs substantially from the cash dividend forgone (i.e. differs by 15% or more of such market value) in which case the market value will be treated as the cash equivalent of the New Shares for taxation purposes.

Where an individual Shareholder elects to receive New Shares in place of a cash dividend, he or she will be treated as having received gross income of an amount which, when reduced by income tax at the rate of 10%, is equal to the cash equivalent of the New Shares. Income tax at the rate of 10% is treated as having been paid on this gross income (the tax credit). This income is regarded as the top slice of the individual's income.

An individual Shareholder who is not liable to income tax in respect of the New Shares will not be entitled to reclaim any part of the tax credit.

An individual Shareholder who is liable to income tax at the basic rate will be subject to income tax in respect of the New Shares at the rate of 10% so that the tax credit will satisfy in full such Shareholder's liability to income tax in respect of the New Shares.

An individual Shareholder liable to income tax at the higher rate but having taxable income in a tax year which does not exceed £150,000 will be subject to income tax in respect of the New Shares at the rate of 32.5%, but will be able to set the tax credit off against part of this liability.

An individual Shareholder with taxable income in excess of £150,000 in a tax year will be subject to income tax in respect of the New Shares at the rate of 42.5%, but will be able to set the tax credit off against part of this liability.

Capital Gains Tax

For capital gains tax purposes, New Shares will be treated as a new asset acquired on the date the shares are issued and the cash equivalent (described above) will be treated as the base cost of the New Shares.

Other Shareholders

UK resident trustees, corporates, pension funds and other Shareholders, including overseas Shareholders are advised to contact their professional advisers in relation to their own tax circumstances in relation to the Scheme.

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