

PRESS RELEASE

2 DECEMBER 2010

**CABLE & WIRELESS COMMUNICATIONS PLC
SIGNS MOU IN THE BAHAMAS**

Cable & Wireless Communications plc (“CWC”) today announces that it has signed a non-binding memorandum of understanding (“MOU”) with the Government of the Commonwealth of The Bahamas (“Government”) to acquire a 51% interest in the Bahamas Telecommunications Company (“BTC”).

CWC and the Government will now work together to complete due diligence, finalise contractual terms and obtain necessary consents and other regulatory clearances with the aim of completing the transaction in the first quarter of 2011.

BTC, which is wholly-owned by the Government, is the exclusive mobile operator in The Bahamas, as well as a leading provider of fixed-line and broadband services. It is complementary to CWC’s Caribbean business, LIME, which is the leading full-service telecommunications provider in the region.

Under the MOU, it is proposed that:

- CWC will acquire the majority equity stake in BTC, including management control of the business, for US\$210 million.
- BTC will have net cash of US\$15 million on closing.
- BTC will enter into agreements with CWC for the provision, on an ongoing basis, of various support services, branding and use of intellectual property.
- The liberalisation process for the mobile sector will commence no sooner than three years after completion of the transaction.
- CWC will work with the Government and the management of BTC to develop a business plan for BTC, addressing its plans for the modernisation of telecommunications throughout The Bahamas and for the development of BTC following privatisation.
- There will be a restructuring of the workforce of BTC soon after completion of the transaction, which will be carried out on a voluntary basis.

Subject to completion, the acquisition is expected to be funded from CWC’s existing cash balances and debt facilities. The transaction is expected to be earnings and cash flow accretive excluding restructuring costs.

Tony Rice, CWC's Chief Executive, commented:

“We are pleased to take this important step in the process to invest in The Bahamas, a dynamic economy and market with good potential. BTC represents a great opportunity to expand our business in a region where we have competitive strength and management capability. This opportunity would fit with our strategy to develop the CWC business through market leading and cash generative businesses. In partnering with the Government of the Commonwealth of The Bahamas we believe that we can deliver a world-class telecoms capability to the people and businesses of The Bahamas and deliver significant operational improvements to BTC. Our immediate focus is now on finalising terms and completing this transaction.”

CWC will host a conference call for investors and analysts. The details are:

Date: Thursday, 2 December 2010
Time: 10:30 (GMT)
Details: Cable & Wireless Communications plc Bahamas MOU
UK: +44 (0)20 7138 0824
US: +1 212 444 0481

Confirmation Code: 2398941

Participants will have to quote the above code when dialling into the conference.

Audio playback of the call will be available shortly after the call finishes until 8 December 2010. The details for the playback are:

UK: +44 (0)20 7111 1244
US: +1 347 366 9565
Replay Access Code: 2398941#

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About BTC

BTC is the exclusive mobile operator in The Bahamas, as well as a leading provider of fixed-line and broadband services. For the year ended 31 December 2009, BTC had total revenues of US\$361 million, EBITDA US\$101 million, operating cash flow of \$48 million and net income of US\$48 million. The company currently has approximately 123,000 fixed line customers, 392,000 active mobile customers and 19,000 broadband customers.

About Cable & Wireless Communications

Cable & Wireless Communications is a global full-service communications business. We operate leading communications 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 www.cwc.com.

Contacts:

Cable & Wireless Communications

Media

Lachlan Johnston	+44 (0) 7800 021 405
Steve Smith	+44 (0) 7785 778 375

Investors

Sheldon Bruha	+44 (0) 786 766 8028
Kunal Patel	+44 (0) 782 438 4428