



CABLE & WIRELESS

Announcement

8 June 2006

CABLE & WIRELESS ANNOUNCES WHOLESALE BROADBAND STRATEGY TO LEVERAGE RETURNS FROM LOCAL LOOP CAPABILITY

Cable and Wireless plc ("Cable & Wireless") today (8 June 2006) announces that it will adopt a revised strategy in relation to the consumer and small business element of its local loop capability.

From 1 July 2006, Bulldog will:

- Offer a wholesale product to major broadband service providers. Discussions with a number of potential customers for this wholesale service are ongoing;
- Cease any further proactive sales, marketing or advertising activities to acquire new residential and small business customers;
- Continue as a retail brand for existing customers with ongoing customer care and launch of new innovative services.

As a result of the move to wholesaling, Bulldog will reduce headcount by approximately 150, mainly from the areas of sales and marketing.

The local loop rollout plan is unchanged with a target of 800 fully unbundled exchanges by 30 September 2006, (411 unbundled at 31 March 2006). It is intended that, by the end of this calendar year (2006), Cable & Wireless will use this local loop capability for corporate customer access, in addition to the wholesale offer provided.

Cable & Wireless expects limited benefits from the move to wholesale during 2006/07 as Bulldog completes the local loop roll out and invests in wholesaling capability. Specific guidance will be provided at the interim results on 8 November 2006.

John Pluthero, Group Managing Director, UK said: "As the market leader in full local loop unbundling, we have been looking at the best way to maximise the return on our investment. We believe that a wholesaling approach to the consumer and SME market is the best way to optimise our return from our unique local loop network capability."

ENDS

Conference call details:

Cable & Wireless will host a conference call for investors and analysts at 08:15 BST today, Thursday 8 June. Participants can join the call from 08.00 by dialling +44 (0)20 7138 0827 and quoting reference 'Cable & Wireless announcement'. A replay facility will be available for one week by dialling +44 (0)20 7806 1970 and quoting the replay passcode 1242046#

About Cable & Wireless:

Cable & Wireless is one of the world's leading international communications companies. It operates through two standalone business units – International and UK.

The International business unit operates integrated telecommunications companies in 33 countries offering mobile, broadband, domestic and international fixed line services to residential and business customers, with principal operations in the Caribbean, Panama, Macau, Monaco and the Channel Islands.

The UK business unit provides enterprise and carrier solutions to the largest users of telecoms services across the UK, US, continental Europe and Asia, and wholesale and residential broadband services in the UK through Bulldog.

For more information about Cable & Wireless, go to www.cw.com <<http://www.cw.com>>.

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Forward-looking statements:

This announcement contains forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as anticipate, target, expect, estimate, intend, plan, goal, believe, will, may, should, would, could or other words of similar meaning. Undue reliance should not be placed on any such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and Cable & Wireless' plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.

There are several factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions. A summary of some of the potential risks faced by Cable & Wireless is set out in the Company's most recent Annual Report.

Cable & Wireless undertakes no obligation to revise or update any forward-looking statement contained within this announcement, regardless of whether those statements are affected as a result of new information, future events or otherwise.