

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

If you sell or transfer or have sold or otherwise transferred all of your Ordinary Shares, please forward this document, but not the personalised Form of Proxy, as soon as possible to the purchaser or transferee or to the bank, stockbroker or other agent through or to whom the sale or transfer was effected, for onward delivery to the purchaser or transferee. Any person (including, without limitation, custodians, nominees and trustees) who may have a contractual or legal obligation or may otherwise intend to forward this document to any jurisdiction outside the United Kingdom should seek appropriate advice before taking any action.

Your attention is drawn to the letter from Sir Richard Laphorne CBE, the Chairman of Cable & Wireless Communications Plc, which is set out in Part I (Letter from the Chairman of Cable & Wireless Communications Plc) of this document in which the Board of Cable & Wireless Communications Plc unanimously recommends that you vote in favour of the Resolution to be proposed at the General Meeting referred to below. You should read this document in its entirety and consider whether to vote in favour of the Resolution in light of the information contained in this document.

Capitalised terms have the meanings ascribed to them in Part VII (Definitions) of this document.

Cable & Wireless Communications Plc

(Incorporated and registered in England and Wales with registered number 07130199)

Proposed Disposal of Monaco & Islands and Notice of General Meeting

A notice convening a General Meeting of Cable & Wireless Communications Plc to be held at 11 a.m. on 9 January 2013 at the offices of Slaughter and May, One Bunhill Row, London EC1Y 8YY is set out at the end of this document.

A Form of Proxy for use at the General Meeting is enclosed. Whether or not you intend to attend the General Meeting in person, please complete, sign and return the accompanying Form of Proxy in accordance with the instructions printed on it as soon as possible but, in any event, so as to be received by the Registrar no later than 11 a.m. on 7 January 2013, being 48 hours before the time appointed for the holding of the General Meeting. If you hold your Ordinary Shares in uncertificated form (i.e. in CREST) you may appoint a proxy by completing and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by the Registrar (under CREST participant ID RA19) by no later than 11 a.m. on 7 January 2013. The time of receipt will be taken to be the time from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

Completing and posting of the Form of Proxy or completing and transmitting a CREST Proxy Instruction will not prevent you from attending and voting in person at the General Meeting if you wish to do so.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied on as having been so authorised. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in it is correct as of any subsequent time.

Akira Partners and J.P. Morgan Cazenove, who are authorised and regulated in the United Kingdom by the Financial Services Authority, are acting exclusively for Cable & Wireless Communications Plc and for no one else in connection with the Transaction and will not regard any other person (whether or not a recipient of this document) as a client in relation to the Transaction and will not be responsible to anyone other than Cable & Wireless Communications Plc for providing the protections afforded to clients of Akira Partners and J.P. Morgan Cazenove or for affording advice in relation to the Transaction, the contents of this document or any transaction, arrangement or other matter referred to in this document.

For a discussion of certain risk factors which should be taken into account when considering whether to vote in favour of the Resolution, see Part II (Risk Factors) of this document.

FORWARD-LOOKING STATEMENTS

This document contains “forward-looking statements” which are based on the beliefs, expectations and assumptions of the Directors and other members of senior management about Cable & Wireless Communications Plc’s businesses and the Transaction. Generally, words such as “may”, “could”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue” or similar expressions identify forward-looking statements. These forward-looking statements are not guarantees of future performance, and although Cable & Wireless Communications Plc believes that they are reasonable there can be no assurance that the expectations reflected in such forward-looking statements will prove to have been correct. Rather, they are based on current beliefs, expectations and assumptions and involve known and unknown risks and uncertainties, many of which are outside the control of Cable & Wireless Communications Plc and are difficult to predict, that may cause actual results, performance or events to differ materially from those expressed or implied in such forward-looking statements. Any forward-looking statement contained in this document based on past or current trends and/or activities of Cable & Wireless Communications Plc should not be taken as a representation that such trends or activities will continue in the future. No statement in this document is intended to be a profit forecast or to imply that the earnings of Cable & Wireless Communications Plc for the current year or future years will match or exceed the historical or published earnings of the Company. Each forward-looking statement speaks only as of the date of the particular statement. Cable & Wireless Communications Plc expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein as a result of new information, future events or other information, except to the extent required by the Listing Rules, the Disclosure and Transparency Rules, the Prospectus Rules, the rules of the London Stock Exchange or by applicable law.

CORPORATE DETAILS AND ADVISERS

Secretary and Registered Office	Clare Underwood 3rd Floor 26 Red Lion Square London WC1R 4HQ
Financial Adviser and Sole Sponsor	J.P. Morgan Limited (which conducts its UK investment banking activities as J.P. Morgan Cazenove) 25 Bank Street London E14 5JP
Financial Adviser	Akira Partners LLP 24 Ladbroke Gardens London W11 2PY
Legal Adviser	Slaughter and May One Bunhill Row London EC1Y 8YY
Auditor and reporting accountant	KPMG Audit Plc 15 Canada Square Canary Wharf London E14 5GL
Company's Registrar	Equiniti Aspect House Spencer Road Lancing West Sussex BN99 6DA

CONTENTS

EXPECTED TIMETABLE OF PRINCIPAL EVENTS	5
Part I LETTER FROM THE CHAIRMAN OF CABLE & WIRELESS COMMUNICATIONS PLC ...	6
Part II RISK FACTORS	12
Part III FINANCIAL INFORMATION ON THE MONACO & ISLANDS COMPANIES	15
Part IV UNAUDITED PRO FORMA STATEMENT OF NET ASSETS	20
Part V SUMMARY OF THE PRINCIPAL TERMS AND CONDITIONS OF THE DISPOSAL AGREEMENT	25
Part VI ADDITIONAL INFORMATION	30
Part VII DEFINITIONS	42
NOTICE OF GENERAL MEETING	48

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the Transaction	3 December 2012
Latest time and date for receipt of Forms of Proxy for the General Meeting	11 a.m. 7 January 2013
Cable & Wireless Communications Plc General Meeting	9 January 2013
Bahrain Telecommunications Company BSC General Meeting	14 January 2013
Expected effective date of the Disposal	March 2013

NOTES:

- (i) Each of the times and dates above is indicative only and may be subject to change, in which event details of the new times and dates will be notified to the FSA and where appropriate the Shareholders.
- (ii) References to times in this document are to London time.

PART I

LETTER FROM THE CHAIRMAN OF CABLE & WIRELESS COMMUNICATIONS PLC



(Incorporated and registered in England and Wales with registered number 07130199)

Registered office:

Cable & Wireless Communications Plc
3rd Floor
26 Red Lion Square
London
WC1R 4HQ

Directors and Officers:

19 December 2012

Sir Richard Lapthorne, CBE	<i>(Chairman of Board)</i>
Tony Rice	<i>(Chief Executive Officer)</i>
Tim Pennington	<i>(Chief Financial Officer)</i>
Nick Cooper	<i>(Corporate Services Director)</i>
Simon Ball	<i>(Deputy Chairman and non-executive director)</i>
Mark Hamlin	<i>(Non-executive director)</i>
Alison Platt	<i>(Non-executive director)</i>
Ian Tyler	<i>(Non-executive director)</i>

To: Shareholders

Dear Shareholder

Proposed Disposal of Monaco & Islands and Notice of General Meeting

1. Introduction and summary of the Transaction

On 3 December 2012, the Board announced that Sable Holding Limited (a wholly owned subsidiary of the Company) (the “**Seller**”) and Cable & Wireless Limited (a wholly owned subsidiary of the Company) (the “**Seller Guarantor**”) had entered into an agreement with Batelco International Group Holding Limited (the “**Purchaser**”) and Bahrain Telecommunications Company B.S.C (the “**Purchaser Guarantor**”) to sell the majority of the Group’s Monaco & Islands business unit to the Purchaser.

The Seller will sell the entire issued share capital of CWC Islands Limited and CWC Holdco Limited, and 25% of the entire issued share capital (the “**CMC Minority Shares**”) of Compagnie Monégasque de Communication S.A.M. (“**CMC**”), the company which holds the Seller’s 55% interest in Monaco Telecom, to the Purchaser (the “**Disposal**”). Pursuant to the Disposal, the Seller will dispose of its businesses in The Maldives, Channel Islands and Isle of Man, the Seychelles, South Atlantic and Diego Garcia.

The aggregate consideration (on a debt and cash free basis) for the Disposal will be US\$680 million. This sum is subject to customary adjustments relating to the amounts of debt, cash and working capital at the Completion Date and is payable in cash at Completion, save that receipt of part of the consideration may be delayed in the event that completion of the transfer of any of the Delayed Companies (which may include CWIG Limited, the holding company of the Seychelles Companies) is delayed by reason of non-receipt of the relevant regulatory approvals by the Completion Date.

After deduction of costs incurred by the Company in connection with the Disposal, estimated to be approximately US\$12 million (comprising professional fees), the total net proceeds of the Disposal, including any delayed amounts (if any) described above, are expected to be approximately US\$668 million (the “**Cash Proceeds**”).

In addition, the Seller and the Purchaser have entered into put and call option arrangements (the “**Monaco Option**”) which will, subject to the Monaco Option becoming exercisable and being exercised within one year of the Completion Date, result in the disposal by the Seller to the Purchaser of the remaining 75% of

the issued share capital of CMC (the “**CMC Majority Shares**”) (the Disposal and the Monaco Option together being the “**Transaction**”). If the Monaco Option becomes exercisable and is exercised by either party, the CMC Majority Shares will be transferred from the Seller to the Purchaser for additional consideration of US\$345 million. This sum is subject to customary adjustments relating to the amounts of debt, cash and working capital of the CMC Companies at the completion date of the Monaco Option and is payable in cash at that date.

The Seller and the Purchaser have also entered into put and call option arrangements in respect of the CMC Minority Shares which will become exercisable if the Monaco Option is not exercised and will, if exercised, require the transfer of the CMC Minority Shares from the Purchaser back to the Seller for an amount of US\$100 million.

Completion of the Transaction is subject to the satisfaction of certain conditions, including necessary regulatory clearances and the approval of Shareholders.

Further details of the Transaction are set out in Part V (Summary of the Principal Terms and Conditions of the Disposal Agreement) of this document.

Owing to the size of the Transaction relative to the size of the Company, the Transaction constitutes a Class 1 transaction under the Listing Rules and is, therefore, conditional upon, among other conditions, the approval of the Shareholders.

The purpose of this document is to provide you with details of, including the background to and reasons for, the Transaction, to explain why the Directors believe that the Transaction is in the best interests of the Company and its Shareholders as a whole, and why the Directors unanimously recommend that you vote in favour of the Resolution at the General Meeting.

Your approval of the Transaction is being sought at a General Meeting of the Company to be held at the offices of Slaughter and May, One Bunhill Row, London EC1Y 8YY on 9 January 2013 at 11 a.m. A notice of the General Meeting, and of the Resolution to be considered, are set out at the end of this document. A summary of the action you need to take is set out in Section 11 of this letter and in the Form of Proxy that accompanies this document.

If the Resolution is passed at the General Meeting on 9 January 2013, and all other conditions are satisfied, Completion of the Disposal is expected to take place by the end of March 2013.

2. Background to and reasons for the Transaction

Since its demerger from the Cable & Wireless Group in 2010, the Company’s strategy has been to manage its portfolio actively with the aim of an increasing focus on the Caribbean and Central American region, where it has a critical mass of operations and the ability to realise operational efficiencies.

Having received approaches for its Monaco & Islands business unit, a process was undertaken by the Company to review the strategic alternatives for Monaco & Islands. The Board believes that the Transaction is in the best interest of the Shareholders as a whole because it:

- accelerates the delivery of the Company’s strategy to increase its focus on its Caribbean and Central American operations;
- achieves an attractive value for the Monaco & Islands Companies and reflects their strong financial performance and market positions. In terms of valuation:
 - the aggregate consideration of the Disposal (including the CMC Minority Shares) represents a multiple of approximately 6.3 times the Company’s proportionate share of the EBITDA of the Monaco & Islands Disposal Companies for the 12 months ended 31 March 2012; and
 - the aggregate consideration of the Transaction as a whole represents a multiple of approximately 6.7 times the Company’s proportionate share of the EBITDA of the Monaco & Islands Companies¹ for the 12 months ended 31 March 2012;
- enables the Company to materially reduce its net indebtedness and increase its financial flexibility; and
- provides funds for potential further inorganic, value-accretive investment, in line with the Company’s stated strategy and acquisition criteria.

Following the Disposal, the Board believes that the Retained Group will be more focused and in a stronger position to realise operational efficiencies and pursue value-enhancing expansion opportunities in the Caribbean and Central American region. If the Monaco Option becomes exercisable and is exercised, the CMC Disposal will further this strategy.

¹ Including the Company’s proportionate share of the EBITDA of Roshan

3. Information on the Group

Shareholders should read the whole of this document and not rely solely on the summarised financial information contained in this Section.

The Group is an international full-service communications business, operating market leading businesses through four regional units – the Caribbean, Panama, Macau and Monaco & Islands. Its services include mobile, broadband and domestic and international fixed line services in most markets as well as pay TV, data centre and hosting, carrier and managed service solutions. The Group is headquartered in London and the Company's shares are listed on the Official List of the UKLA and admitted to trading on the Main Market of the London Stock Exchange. As at the close of business on 17 December 2012 (being the latest practicable date prior to the publication of this document), its market capitalisation was £912.4 million.

The Group's revenue for the twelve months ended 31 March 2012 was US\$2,875 million, pre-exceptional (or adjusted) EBITDA was US\$901 million and profit before exceptional items, interest and tax was US\$557 million. As at 30 September 2012, the Group had net assets of US\$328 million and gross assets of US\$3,806 million. During the year ended 31 March 2012, the average number of employees employed by the Group was 8,215. (These figures are extracted without material adjustment from the Annual Report 11/12 and the Interim Report 2012.)

3.1 Information on the Monaco & Islands Companies

The Monaco & Islands Companies constitute substantially all of the Group's Monaco & Islands operation. The Monaco & Islands operation incorporates a number of island nations, including Guernsey, Jersey, Isle of Man, Seychelles, the Maldives, several UK overseas territories such as the Falkland Islands and St Helena, and Monaco and Afghanistan. Until the recent divestment of Afinis Communications S.A., the Group's Monaco & Islands business unit also incorporated the Afinis business (a high-speed broadband service in West Africa, covering Benin, Burkina Faso, Cameroon, Guinea, Niger and Senegal).

The Monaco & Islands Companies operate through five primary divisions:

- Channel Islands and Isle of Man (“**CIIM**”): CIIM, operating through the ‘Sure’ brand, offers telephony services to the Channel Islands and the Isle of Man. It is the full service incumbent operator in Guernsey with market-leading positions in fixed-voice, mobile and broadband services. It is also an alternative carrier in Jersey and the Isle of Man. CIIM is operated through wholly-owned subsidiaries of the Group.
- Dhiraagu: Dhiraagu is the incumbent telecom operator in the Maldives. Dhiraagu is the market leader in mobile, broadband and fixed voice services. The Group owns a 52% stake in Dhiraagu and runs the business in partnership with the Maldives government. In December 2011, the Maldives government, which held the remaining 48% interest, completed an initial public offering of 5.9% of the share capital of Dhiraagu and a related offering of 0.3% of the share capital of Dhiraagu to the employees of Dhiraagu.
- Cable and Wireless Seychelles: CWS is the full-service incumbent operator in Seychelles with market-leading positions in fixed-voice, mobile and broadband services. It is a wholly-owned subsidiary of the Group.
- Cable and Wireless South Atlantic Diego Garcia (“**SADG**”): SADG offers communications services to Diego Garcia and three British foreign territories in the South Atlantic: Saint Helena, Ascension Island and the Falklands. It is the exclusive operator in three out of these four markets and provides services to the US military in Diego Garcia and the UK military in the Falklands. SADG is operated through wholly-owned subsidiaries of the Group.
- Monaco Telecom: Monaco Telecom is the incumbent operator in Monaco. The Group holds 49% of the total share capital of Monaco Telecom and has voting and economic rights in respect of an additional 6% through a contractual arrangement with Compagnie Monégasque de Banque. The Principality of Monaco holds the remaining 45%. Monaco Telecom is the market leader and the only full service telecommunications operator in Monaco. In addition, Monaco Telecom owns 36.75% of Roshan, a leading mobile telecommunications operator in Afghanistan. Monaco Telecom also has a Service-to-Operator division, which supplies the international country code and international carrier services to Kosovo and has a service contract with On Air, a company that provides passenger telephony solutions on board aircraft. Monaco Telecom also owns Divona Algerie SPA, a telecommunications operator in Algeria, which is being retained by the Group and does not form part of the Disposal. CMC holds the Seller's 55% interest in Monaco Telecom.

The revenue of the Monaco & Islands Disposal Companies for the twelve months ended 31 March 2012 was US\$319 million, EBITDA was US\$130 million (the Group's proportionate share of the EBITDA being US\$92 million) and profit before tax was US\$73 million. During the year to 31 March 2012, Monaco & Islands Disposal Companies had an average of 1,229 employees. At 30 September 2012, Monaco & Islands Disposal Companies had net assets of US\$172 million and gross assets of US\$695 million. (This information has been extracted without material adjustment from the summary income statement and summary balance sheet in Part III (Financial Information on the Monaco & Islands Companies) of this document, save for employee numbers which have been extracted without material adjustment from the Annual Report 11/12.)

The revenue of the CMC Companies for the twelve months ended 31 March 2012 was US\$248 million, EBITDA was US\$78 million (the Group's proportionate share of the EBITDA being 55%) and profit before tax was US\$47 million. During the year to 31 March 2012, the CMC Companies had an average of 412 employees. At 30 September 2012, the CMC Companies had net assets of US\$203 million and gross assets of US\$538 million. (This information has been extracted without material adjustment from the summary income statement and summary balance sheet in Part III (Financial Information on the Monaco & Islands Companies) of this document, save for employee numbers which have been extracted without material adjustment from the Annual Report 11/12.)

3.2 Information on the Retained Group

Following the Disposal, the Retained Group will primarily consist of the Panama, Macau and Caribbean operations described below together with, prior to the exercise of the Monaco Option and completion of the CMC Disposal, the Monaco operations described above.²

Panama

Cable & Wireless Panama S.A. ("CWP") became a subsidiary of the Group upon its acquisition in 1997. The Group holds 49% of CWP's shares, in partnership with the Panamanian government, which also owns 49%, and a local employee trust, which controls the remaining 2%. The Group also holds all of the day-to-day operational and management rights. CWP is the market leader in mobile, broadband and fixed voice services in the expanding Panamanian economy.

Caribbean

The Group operates 14 businesses across the Caribbean region. The Group wholly owns eight of these businesses; owns two businesses in partnership with the local governments (in Dominica and The Bahamas); owns controlling stakes in three businesses listed on local stock exchanges (in Jamaica, Barbados and St Kitts and Nevis); and owns one business with a combination of government partnership and public shareholding, with the Group holding the controlling stake (in Grenada). The Group is the largest telecommunications provider by revenue across the Caribbean markets in which it operates, with subsidiary operations in 14 national markets. The Caribbean business is the largest of the Group's four regional operations by revenue.

Macau

Companhia de Telecomunicações de Macau S.A.R.L. ("CTM") was established in 1981 and has four shareholders. The Group holds 51% and has management control, with the remaining 49% held by Portugal Telecom (28%), CITIC Telecom International Holdings Limited ("CITIC") (20%) and the Macau SAR government (1%). CTM is a provider of domestic and international fixed voice services in Macau. It is the sole provider of fixed voice and broadband services and the leading mobile operator in Macau.

On 17 October 2012, the Company confirmed that it is in discussions with CITIC regarding a potential sale of its 51% shareholding in CTM. A further announcement will be made, if applicable, in due course.

² The Group's other operations and eliminations include, among others, joint ventures in Trinidad and Tobago (TSTT) and the Solomon Islands (Solomon Telekom).

4. Key Terms and Conditions of the Transaction

A summary of the principal terms and conditions of the Transaction is set out in Part V (Summary of the Principal Terms and Conditions of the Disposal Agreement) of this document.

The Transaction is conditional on, *inter alia*, obtaining necessary regulatory consents, the approval of the shareholders of Batelco and the passing of the Resolution by Shareholders at the General Meeting. The Disposal Agreement will terminate if any of the conditions is not met.

Batelco has provided the Company with undertakings from the holders of more than 70 per cent. of the issued share capital of Batelco undertaking to vote in favour of the Transaction at the Batelco General Meeting.

5. Use of Proceeds and financial effects of the Transaction on the Retained Group

At Completion, the Cash Proceeds arising from the Disposal (including the proceeds from the disposal of the CMC Minority Shares) are expected to be approximately \$668 million.

It is intended that \$330 million of the Cash Proceeds will be used to reduce the net borrowings under the Company's revolving credit facility, which had drawings of \$330 million as at 30 September 2012. The Company believes there are likely to be an increasing number of opportunities to reinvest the remaining sale proceeds within the Caribbean and Central American region. Accordingly, the Company intends to retain the remainder of the net cash proceeds as cash, thereby being used to increase the Company's financial and strategic flexibility. The Company plans to pursue value-enhancing investments in the Caribbean and Central American region. Any investments will be based on strict financial criteria and considered alongside regular reviews of balance sheet efficiency and shareholder returns policy.

As a result of the Disposal, the Group's net debt position will be reduced from \$1,588 million as at 30 September 2012 to approximately \$937 million on a pro forma basis.

If the Monaco Option becomes exercisable and is exercised, the cash proceeds arising from the CMC Disposal will be used to reduce net borrowings further and/or pursue value-enhancing acquisitions in light of the overall efficiency of the balance sheet and the implications for shareholder returns.

Although the net cash proceeds of the Transaction will strengthen the Company's balance sheet and enhance its financial and strategic flexibility, if the Company does not make further acquisitions or undertake other balance sheet management activities, the Transaction is expected to be dilutive to earnings per share.

Unaudited *pro forma* statements of net assets of the Retained Group as at 30 September 2012 are set out in Part IV (Unaudited Pro Forma Statements of Net Assets of the Group) of this document, which have been prepared for illustrative purposes only as if the Disposal and the CMC Disposal had been completed on that date.

6. Dividend Policy

As announced on 8 November 2012 in the Group's unaudited half-yearly results for the six months ended 30 September 2012, the Board declared an interim dividend of US1.33 cents per share to be paid on 11 January 2013 to Shareholders on the Company's register at the close of business on 16 November 2012. Subject to financial and trading performance in the second half of 2012/13, the Board expects to recommend a final dividend of US2.67 cents per share, resulting in a full year dividend of US4 cents per share. In the absence of unforeseen circumstances, the Transaction is not expected to impact the Group's dividend intentions for the financial year 2012/13.

7. Current Trading and Future Prospects

On 20 June 2012, CWC published its final results for the year ended 31 March 2012. The 2011/12 Annual Report and Accounts (the "**Annual Report 11/12**") is incorporated by reference into this document as set out in Section 14 of Part VI (Additional Information). On 8 November 2012, CWC announced its unaudited half-yearly results for the six months ended 30 September 2012 (the "**Interim Report 2012**"), which is also incorporated by reference into this document as set out in Section 14 of Part VI (Additional Information). Details are set out below of CWC's current trading and future prospects as published in these documents, and updated where relevant.

CWC announced that, despite a challenging period for the telecoms industry as a whole, CWC has continued to perform in line with the Board's expectations for the full year. Momentum continues to build for the Group's mobile data services and private sector and government enterprise pipelines retain a healthy

potential. Voice revenue continues to decline and CWC continues to reduce costs to mitigate this decline. CWC intends to focus management capability and future investment on the Pan-American region where the Group has scale, synergy and strong market positions.

8. Employee Share Schemes

In circumstances such as the Transaction (both the Disposal and the CMC Disposal), where a subsidiary or a number of subsidiary companies are sold out of a group, it is normal practice for the employees of those subsidiary companies participating in the Employee Share Schemes to be able to exercise for a limited period share options granted and for share awards held to vest (subject to any performance conditions that continue to apply). Shareholder approval is not required in these circumstances.

9. Risk factors

You should consider fully the risk factors set out in Part II (Risk Factors) of this document.

10. General Meeting

Set out at the end of this document is a notice convening a General Meeting to be held at the offices of Slaughter and May, One Bunhill Row, London EC1Y 8YY at 11 a.m. on 9 January 2013. At the General Meeting the Resolution will be proposed to approve the Transaction (including the Monaco Option) and to authorise the Directors to give effect to the Transaction (including the Monaco Option).

11. Action to be taken

You will find enclosed with this document a Form of Proxy to be used in connection with the General Meeting. It is important to us that our shareholders have the opportunity to vote even if they are unable to come to the General Meeting. If you are unable to come to the General Meeting you can use the enclosed Form of Proxy to nominate someone else to come to the meeting and vote for you (this person is called a proxy). You can, if you wish, nominate me to vote on your behalf in accordance with your instructions. To appoint a proxy you need to send back the Form of Proxy enclosed with this document to the Registrar as soon as possible and in any event so as to arrive no later than 11 a.m. on 7 January 2013, being 48 hours before the time appointed for holding the General Meeting.

If you hold your Ordinary Shares in uncertificated form (i.e. in CREST), you may appoint a proxy by completing and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by the Registrar (under CREST participant ID RA19) by no later than 11 a.m. on 7 January 2013. Unless the Form of Proxy or CREST Proxy Instruction is received by the date and time specified above, it will be invalid.

Completing and posting of the Form of Proxy or completing and transmitting a CREST Proxy Instruction will not preclude you from attending and voting in person at the General Meeting if you wish to do so.

12. Additional information

Your attention is drawn to the additional information set out in Part VI (Additional Information) of this document.

13. Recommendation

The Board has received financial advice from Akira Partners and J.P. Morgan Cazenove in relation to the Transaction. In providing their financial advice to the Board, Akira Partners and J.P. Morgan Cazenove have relied upon the Board's commercial assessment of the Transaction.

The Board considers the terms of the proposed Transaction to be in the best interests of Shareholders taken as a whole. The Board recommends that you vote in favour of the Resolution to be proposed at the General Meeting, as they intend to do in respect of their own beneficial holdings, amounting in aggregate to 32,515,335 Ordinary Shares, which represent approximately 1.29 per cent. of the total voting rights in the Company.

Yours faithfully

Sir Richard Lapthorne CBE
Chairman

PART II

RISK FACTORS

Prior to voting on the Transaction (including the Monaco Option), you should carefully consider the risks and uncertainties described below, in addition to the other information in this document. The Company considers these risks to be the material risks in the context of the Transaction.

If any or a combination of these risks actually materialise, the business, operations, financial condition and prospects of the Retained Group or the Group (if the Disposal does not take place) or the Retained Group including the CMC Companies (if the Disposal takes place but the CMC Disposal does not complete) could be materially and adversely affected to the detriment of the Company and the Shareholders. Additional risks and uncertainties which are not known to the Directors as at the date of this document, or that the Directors currently deem immaterial, may also have a material adverse effect on the Retained Group or the Group (if the Disposal does not take place) or the Retained Group including the CMC Companies (if the Disposal takes place but the CMC Disposal does not complete) if they materialise. If this occurs, the market price of Ordinary Shares could decline and you may lose all or part of your investment.

1. Risks relating to the Transaction

The Disposal may not complete

Completion of the Disposal is subject to certain conditions, details of which are set out in Part V (Summary of the Principal Terms and Conditions of the Disposal Agreement) of this document. If Shareholders do not approve the Transaction, or other conditions are not satisfied or waived by the Long Stop Date and the parties do not postpone the Long Stop Date by agreement in writing, the Disposal Agreement will terminate and the Disposal will not proceed.

If the Disposal does not proceed, this may have a material adverse effect on the Group insofar as it may create uncertainty for the customers, management and employees of the Monaco & Islands Disposal Companies as to the Group's future intentions for the Monaco & Islands Disposal Companies.

As set out in Part V (Summary of the Principal Terms and Conditions of the Disposal Agreement) of this document, if, at the Completion Date, the relevant regulatory approvals are not satisfied, Completion in respect of the shares in the relevant Delayed Company shall be delayed or, if the relevant regulatory approval remains outstanding at the Second Long Stop Date, shall not occur at all. If the disposal of any of the Delayed Companies fails to complete, this may have a material adverse effect on the Group insofar as it may create uncertainty for the customers, management and employees of the relevant Delayed Company as to the Group's future intentions for that Delayed Company.

The Monaco Option may not become exercisable and/or complete

Exercise of the Monaco Option and completion of the CMC Disposal is subject to certain conditions, details of which are set out in Part V (Summary of the Principal Terms and Conditions of the Disposal Agreement) of this document. If Shareholders do not approve the Transaction, or other conditions are not satisfied or waived, the Monaco Option will not be exercised and the CMC Disposal will not proceed. This is expected to result in the CMC Minority Shares transferred to the Purchaser as part of the Disposal being transferred back to the Seller for an amount of US\$100 million. If the CMC Disposal does not proceed, this may have a material adverse effect on the Retained Group, its management and its employees and may also create uncertainty for the customers, management and employees of the CMC Companies as to the Group's future intentions for the CMC Companies.

Inability to realise shareholder value

The Board is of the opinion that the Transaction is in the best interests of the Shareholders as a whole and currently provides the best opportunity to realise an attractive and certain value for the Monaco & Islands Companies. If the Disposal and/or the CMC Disposal does not complete, the Group's ability to realise shareholder value and the value for the Monaco & Islands Companies may be prejudiced.

The Retained Group may not realise the perceived benefits of the Transaction

The Retained Group may not realise the anticipated benefits of the Transaction set out in Section 5 of Part I (Letter from the Chairman of Cable & Wireless Communications Plc) of this document. The Retained Group may encounter substantial difficulties in achieving these anticipated benefits and/or these anticipated benefits may not materialise.

Obligations under the Disposal Agreement

The Disposal Agreement contains certain limited warranties, indemnities and undertakings given in favour of the Purchaser which could cause the Retained Group to incur liabilities and obligations to make payments which would not have arisen had the Transaction not taken place. Further details of the warranties, indemnities and undertakings given to the Purchaser are set out in Section 5 of Part V (Summary of the Principal Terms and Conditions of the Disposal Agreement) of this document.

2. Risks relating to the Retained Group

New sources of revenue growth may prove insufficient or fail to develop in the Retained Group's countries of operation

New revenue sources, such as mobile data services, pay-TV entertainment, managed services and enterprise solutions, are crucial to the Retained Group's strategy. As a consequence of the Transaction, the Retained Group will be more concentrated in terms of geographic spread which may limit the extent of new revenue sources. If new revenue sources fail to develop in the territories in which the Retained Group operates as well as the Retained Group anticipates over the expected time horizon, revenue may fall as other core services reach full market penetration. To the extent that the Retained Group's new product development and marketing strategies are not wholly successful, this could have a material adverse effect on the Retained Group's business, financial condition, results of operations and prospects.

The Retained Group's success in attracting and retaining highly skilled and qualified management and employees may be impacted by the reduced geographic spread of the Retained Group

The recruitment and retention of highly skilled management and employees is important to the Retained Group's success. The reduced size and geographic spread of the Retained Group post-Transaction may impact its ability to attract and retain appropriate staff. The number of suitable employees at higher levels may be limited, especially given the greater proportional geographic concentration in the Caribbean and Central American region, and key employees, many of whom have significant experience with the Retained Group, the telecommunications sector and the local markets in which they work, may be difficult to replace. There can be no certainty that the Retained Group's succession planning, retention policies and incentive plans will be successful in attracting and retaining the right calibre of key employees and management. The failure to retain and attract key employees and management could have a material adverse effect on the Retained Group's business, reputation, financial condition and results of operations.

3. Risks relating to the telecommunications industry and markets in which the Retained Group operates

Following the Transaction, the Retained Group will be more concentrated in terms of countries of operation and may fail to compete effectively with existing competitors and may face competition from new market entrants

The Retained Group faces competition in many areas and markets in which it operates. Certain of its competitors may have greater financial, capital, marketing or other resources, which may allow them to provide services more effectively and at a lower cost than the Retained Group. The telecommunications sector in the markets in which the Retained Group operates may experience further consolidation, which could result in, among other things, competitors with greater scale operating aggressively in these markets.

As the markets in which the Retained Group operates expand, additional competition may emerge in those markets. In general, the rapid development of new technologies, services and products has eliminated the traditional distinctions between and among local, long distance, wireless, cable and internet communications services and brought new competitors to the markets in which the Retained Group operates. As a consequence of the Transaction, the Retained Group will be more concentrated in terms of geographic spread and therefore may be more restricted in its ability to compete effectively in the event of further consolidation and new market entrants. Failure by any of the Retained Group's businesses to compete effectively could have a material adverse effect on its revenues, profitability and prospects.

The Retained Group relies on other telecommunications operators for network access and interconnection and is affected by the behaviour of other market participants that the Retained Group does not own or control

Parts of the Retained Group's operations rely on access to networks that it does not own or entirely control. In these cases, the Retained Group's operations depend on other network operators to provide network

access and interconnection services for the origination, carriage and/or termination of some of its telecommunications services. The reduced scale of the Retained Group following the Transaction may impact its negotiating leverage with such operations. If the Retained Group is unable to obtain and maintain the necessary interconnection and other transmission services in a timely fashion and on acceptable commercial terms, the Retained Group's business, reputation, financial condition and results of operations could be materially adversely affected.

The Retained Group may be adversely affected by local, national and global economic conditions

The Retained Group's business is affected by general economic conditions and other related factors in each of the countries in which it operates and, given the broad interdependence among economies around the world, economic conditions in each of the countries in which the Retained Group operates are likely to be impacted by the broader trends currently affecting the major global economies.

The current uncertainty about economic recovery and the pace of growth may negatively affect the level of demand from existing and prospective customers. Additional factors that could influence customer demand include access to credit, unemployment rates, affordability concerns, consumer confidence and general macroeconomic factors. These factors drive levels of disposable income, which in turn affect many of the Retained Group's revenue streams. In addition, adverse economic conditions may lead to a rise in the number of the Retained Group's customers who are not able to pay for the Retained Group's services. Should current economic conditions continue to deteriorate, there may be volatility in exchange rates, increases in interest rates or inflation and a further adverse effect on the Retained Group's revenue and profits.

Following the Transaction, the Retained Group will have a greater proportional geographic concentration in the Caribbean and Central American region. The impact of poor economic conditions at a local or national level in the countries in which the Retained Group operates or globally could have a material adverse effect on the Retained Group's business, financial condition, results of operations and prospects and the reduced geographic portfolio is likely to impact the ability of the Retained Group to mitigate these risks effectively.

PART III

FINANCIAL INFORMATION ON THE MONACO & ISLANDS COMPANIES

The following historical information, relating to the Monaco & Islands Companies, has been extracted without material adjustment from the consolidation schedules used to prepare the audited consolidated financial statements of the Group contained in the Annual Report 09/10, Annual Report 10/11, Annual Report 11/12 and the unaudited consolidated financial statements of the Group contained in the Interim Report 2012.

The financial information contained in this Part III (Financial Information on the Monaco & Islands Companies) does not constitute statutory accounts within the meaning of section 434(3) of the Companies Act. The consolidated statutory accounts of the Company in respect of the three years ended 31 March 2012 have been delivered to the Registrar of Companies and the UK Listing Authority. The auditor's reports in respect of those statutory accounts for the three years ended 31 March 2012 were unqualified. KPMG was the auditor of the Company in respect of the three years ended 31 March 2012.

The financial information contained in this Part III has been prepared using the IFRS accounting policies used to prepare the consolidated financial statements of the Group for the 12 months ended 31 March 2012.

(i) Summary income statement for the Monaco & Islands Disposal Companies for the years ended 31 March 2010, 31 March 2011 and 31 March 2012, and for the six months ended 30 September 2012

	Six months ended 30 September 2012	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010
	\$m	\$m	\$m	\$m
Revenue	157	319	330	241
Operating costs before depreciation and amortisation	(100)	(189)	(190)	(144)
Depreciation	(19)	(40)	(36)	(25)
Amortisation	(4)	(8)	(9)	(5)
Other operating income	-	1	-	-
Other operating expense	(1)	(2)	-	-
Operating profit before exceptional items	33	81	95	67
Share of losses / (profits) of joint ventures and associates	-	-	(2)	14
Exceptional items	-	-	(1)	(1)
Total operating profit	33	81	92	80
Finance income	1	1	2	2
Finance expense	(6)	(9)	(8)	(10)
Profit before income tax	28	73	86	72
Income tax expense	(7)	(13)	(6)	(8)
Profit for the year	21	60	80	64

Reconciliation of total operating profit to EBITDA

	Six months ended 30 September 2012	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010
	\$m	\$m	\$m	\$m
Total operating profit	33	81	92	80
Share of (losses) / profits of joint ventures and associates	-	-	2	(14)
Operating profit	33	81	94	66
Exceptional items	-	-	1	1
Operating profit before exceptional items	33	81	95	67
Net other operating expense	1	1	-	-
Depreciation and amortisation	23	48	45	30
EBITDA	57	130	140	97

The contribution of the Delayed Companies to total EBITDA and total profit for the year of the Monaco & Islands Disposal Companies is shown in the tables below:

Segmental profit for the year

	Six months ended 30 September 2012	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010
	\$m	\$m	\$m	\$m
Dhiraagu	13	36	54	6
CWC Guernsey	<u>5</u>	<u>17</u>	<u>21</u>	<u>21</u>
	<u>18</u>	<u>53</u>	<u>75</u>	<u>27</u>
Delayed Companies				
Seychelles Companies	2	7	7	3
Cable & Wireless South Atlantic Limited	3	5	4	5
Cable & Wireless (Diego Garcia) Limited	1	1	1	2
CWC Jersey	<u>-</u>	<u>(1)</u>	<u>(1)</u>	<u>(4)</u>
	<u>6</u>	<u>12</u>	<u>11</u>	<u>6</u>
Other and eliminations	<u>(3)</u>	<u>(5)</u>	<u>(6)</u>	<u>31</u>
Total segmental profit for the year	<u>21</u>	<u>60</u>	<u>80</u>	<u>64</u>

Segmental EBITDA

	Six months ended 30 September 2012	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010
	\$m	\$m	\$m	\$m
Dhiraagu	34	79	86	45
CWC Guernsey	<u>11</u>	<u>29</u>	<u>31</u>	<u>33</u>
	<u>45</u>	<u>108</u>	<u>117</u>	<u>78</u>
Delayed Companies				
Seychelles Companies	6	14	14	11
Cable & Wireless South Atlantic Limited	5	9	8	7
Cable & Wireless (Diego Garcia) Limited	1	1	1	3
CWC Jersey	<u>1</u>	<u>1</u>	<u>1</u>	<u>(1)</u>
	<u>13</u>	<u>25</u>	<u>24</u>	<u>20</u>
Other and eliminations	<u>(1)</u>	<u>(3)</u>	<u>(1)</u>	<u>(1)</u>
Total EBITDA	<u>57</u>	<u>130</u>	<u>140</u>	<u>97</u>

Notes

- 1) EBITDA is defined as earnings before interest, tax, depreciation and amortisation, net other operating and non-operating income/expense and exceptional items.
- 2) The Monaco & Islands Disposal Companies' income statements are presented after deducting management charges paid to the Retained Group.

(ii) Summary balance sheet for the Monaco & Islands Disposal Companies as at 30 September 2012

	<u>30 September 2012</u>
	\$m
Non-current assets	
Intangible assets	67
Property, plant and equipment	262
Investments in joint ventures and associates	5
Other receivables	238
Deferred tax assets	<u>2</u>
	<u>574</u>
Current assets	
Trade and other receivables	52
Inventories	8
Cash and cash equivalents	<u>61</u>
	<u>121</u>
Total assets	<u>695</u>
Current liabilities	
Trade and other payables	75
Loans and borrowings	6
Provisions	1
Current tax liabilities	<u>12</u>
	<u>94</u>
Net current assets	<u>27</u>
Non-current liabilities	
Loans and borrowings	410
Deferred tax liabilities	4
Retirement benefit obligations	8
Provisions	<u>7</u>
	<u>429</u>
Net assets	<u>172</u>

The contribution of the Delayed Companies to the total net assets of the Monaco & Islands Disposal Companies is shown in the table below:

Segmental net assets

	<u>30 September 2012</u>
	\$m
Dhiraagu	219
CWC Guernsey	<u>62</u>
	<u>281</u>
Delayed Companies	
Seychelles Companies	48
Cable & Wireless South Atlantic Limited	36
Cable & Wireless (Diego Garcia) Limited	30
CWC Jersey	<u>17</u>
	<u>131</u>
Other and eliminations	<u>(240)</u>
Segmental net assets	<u>172</u>

Notes

- 1) The balance sheet for the Monaco & Islands Disposal Companies includes certain inter-company receivable and payable balances which will be settled prior to or on Completion. The balance sheet for the Monaco & Islands Disposal Companies also contains cash and debt which will be retained by the Group on a proportionate basis.

(iii) Summary income statement for the CMC Companies for the years ended 31 March 2010, 31 March 2011 and 31 March 2012, and for the six months ended 30 September 2012

	Six months ended 30 September 2012	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010
	\$m	\$m	\$m	\$m
Revenue	113	248	221	244
Operating costs before depreciation and amortisation	(73)	(170)	(153)	(168)
Depreciation	(6)	(14)	(13)	(16)
Amortisation	(6)	(11)	(13)	(8)
Operating profit before exceptional items	28	53	42	52
Share of profits / (losses) of joint ventures and associates	3	8	5	(4)
Exceptional items	-	-	2	(2)
Total operating profit	31	61	49	46
Finance income	2	4	3	4
Finance expense	-	(18)	(14)	(22)
Profit before income tax	33	47	38	28
Income tax expense	-	5	(4)	(5)
Profit for the year	33	52	34	23

Reconciliation of total operating profit to EBITDA

	Six months ended 30 September 2012	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010
	\$m	\$m	\$m	\$m
Total operating profit	31	61	49	46
Share of (profits) / losses of joint ventures and associates	(3)	(8)	(5)	4
Operating profit	28	53	44	50
Exceptional items	-	-	(2)	2
Operating profit before exceptional items	28	53	42	52
Depreciation and amortisation	12	25	26	24
EBITDA	40	78	68	76

Notes

- 1) EBITDA is defined as earnings before interest, tax, depreciation and amortisation, net other operating and non-operating income/expense and exceptional items.
- 2) The CMC Companies income statements are presented after deducting management charges paid to the Retained Group.

(iv) Summary balance sheet for the CMC Companies as at 30 September 2012

	<u>30 September 2012</u>
	\$m
Non-current assets	
Intangible assets	292
Property, plant and equipment	40
Investments in joint ventures and associates	25
Other receivables	87
Deferred tax assets	<u>11</u>
	<u>455</u>
Current assets	
Trade and other receivables	51
Inventories	2
Cash and cash equivalents	<u>30</u>
	<u>83</u>
Total assets	<u>538</u>
Current liabilities	
Trade and other payables	72
Financial liabilities at fair value	242
Provisions	<u>14</u>
	<u>328</u>
Net current (liabilities)	<u>(245)</u>
Non-current liabilities	
Trade and other payables	2
Deferred tax liabilities	<u>5</u>
	<u>7</u>
Net assets	<u>203</u>

Notes

- 1) The balance sheet for the CMC Companies includes certain inter-company receivable and payable balances which will be settled prior to or on Completion. The balance sheet for the CMC Companies also contains cash and debt which will be retained by the Group on a proportionate basis.

PART IV

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

Set out below is an unaudited consolidated *pro forma* statement of net assets prepared to illustrate the effect of the Transaction on the consolidated net assets of the Retained Group as at 30 September 2012 as if the Transaction had occurred on that date. The information, which is produced for illustrative purposes only, by its nature addresses a hypothetical situation and therefore does not represent the Retained Group's actual financial position or the results of the Transaction. The unaudited *pro forma* statement is compiled on the basis set out below from the consolidated balance sheet of the Group at 30 September 2012 and the financial information set out in Part III (Financial Information on the Monaco & Islands Companies) of this document.

	Monaco & Islands Disposal Companies as at 30 September 2012	Disposal adjustments on Monaco & Islands Disposal	Consideration adjustments on Monaco & Islands Disposal	Pro forma net assets of Retained Group (including CMC Companies)	CMC Companies as at 30 September 2012	Disposal adjustments on CMC Disposal	Consideration adjustments on CMC Disposal	Pro forma net assets of Retained Group (excluding CMC Companies)	
	Note 1 \$m	Note 2 \$m	Note 3 \$m	Note 4 \$m	Note 5 \$m	Note 6 \$m	Note 7 \$m	Note 8 \$m	Note 9 \$m
Non-current assets									
Intangible assets	522	(67)			455	(292)			163
Property, plant and equipment	1,751	(262)			1,489	(40)			1,449
Investments in joint ventures and associates	265	(5)			260	(25)			235
Available-for-sale financial assets	56	-			56	-			56
Deferred tax assets	17	(2)			15	(11)			4
Retirement benefit assets	40	-			40	-			40
Other receivables	52	(238)	237		51	(87)	69		33
	<u>2,703</u>	<u>(574)</u>	<u>237</u>	<u>-</u>	<u>2,366</u>	<u>(455)</u>	<u>69</u>	<u>-</u>	<u>1,980</u>
Current assets									
Inventories	107	(8)			99	(2)			97
Trade and other receivables	727	(52)	1		676	(51)			625
Cash and cash equivalents	266	(61)	(51)	427	581	(30)	(68)	407	890
Financial assets at fair value through profit or loss	3	-			3	-			3
	<u>1,103</u>	<u>(121)</u>	<u>(50)</u>	<u>427</u>	<u>1,359</u>	<u>(83)</u>	<u>(68)</u>	<u>407</u>	<u>1,615</u>
Total assets	<u>3,806</u>	<u>(695)</u>	<u>187</u>	<u>427</u>	<u>3,725</u>	<u>(538)</u>	<u>1</u>	<u>407</u>	<u>3,595</u>

	Monaco & Islands Disposal Companies as at 30 September 2012	Note 2 \$m	Disposal adjustments on Monaco & Islands Disposal	Note 3 \$m	Consideration adjustments on Monaco & Islands Disposal	Note 4 \$m	Pro forma net assets of Retained Group (including CMC Companies)	Note 5 \$m	CMC Companies as at 30 September 2012	Note 6 \$m	Disposal adjustments on CMC disposal	Note 7 \$m	Consideration adjustments on CMC Disposal	Note 8 \$m	Pro forma net assets of Retained Group (excluding CMC Companies)	Note 9 \$m
Current liabilities																
Trade and other payables	819	(75)	4				748	(72)			1				677	
Loans and borrowings	199	(6)					193	-							193	
Financial liabilities at fair value	243	-			100		343	(242)					(100)		1	
Current tax liabilities	162	(12)					150	-							150	
Provisions	85	(1)					84	(14)							70	
	<u>1,508</u>	<u>(94)</u>	<u>4</u>		<u>100</u>		<u>1,518</u>	<u>(328)</u>			<u>1</u>		<u>(100)</u>		<u>1,091</u>	
Net current (liabilities)/assets	(405)	(27)	(54)		327		(159)	245			(69)		507		524	
Non-current liabilities																
Trade and other payables	30	-					30	(2)							28	
Loans and borrowings	1,655	(410)	410		(330)		1,325	-							1,325	
Deferred tax liabilities	42	(4)					38	(5)							33	
Provisions	38	(7)					31	-							31	
Retirement benefit obligations	205	(8)					197	-							197	
	<u>1,970</u>	<u>(429)</u>	<u>410</u>		<u>(330)</u>		<u>1,621</u>	<u>(7)</u>							<u>1,614</u>	
Net assets	328	(172)	(227)		657		586	(203)					507		890	

Notes

- 1) The consolidated net assets of the Group have been extracted, without material adjustment, from the unaudited financial statements for the six months ended 30 September 2012.
- 2) The net assets of the Monaco & Islands Disposal Companies have been extracted, without material adjustment, from the financial information for Monaco & Islands Disposal Companies as set out in Part III (Financial Information on the Monaco & Islands Companies).
- 3) Represents the settlement of intra-group balances between the Monaco & Islands Disposal Companies and the Retained Group at Completion as required by the Disposal Agreement. Intra-group loans of US\$410 million less non-current intra-group other receivables of US\$183 million will be capitalised prior to Completion. Other intra-group balances (non-current intra-group other receivables of US\$54 million, intra-group trade and other receivables of US\$1 million, intra-group trade and other payables of US\$4 million) will be settled for cash of US\$51 million at Completion. These adjustments have been extracted or derived from the Disposal Agreement or the consolidation schedules used to prepare the unaudited consolidated financial statements of the Group in the Interim Report 2012.
- 4) The total consideration of US\$757 million represents gross proceeds of US\$680 million (including US\$100 million in respect of the CMC Minority Shares, after (i) including US\$89 million in relation to a proportionate share of cash held by the Monaco & Islands Disposal Companies; and (ii) deducting transaction costs of approximately US\$12 million). Of the total consideration of US\$757 million, it is intended that US\$330 million is used to reduce the Company's borrowings, and the remaining proceeds of US\$427 million will increase cash balances. The Purchaser's option to require the Seller to purchase the CMC Minority Shares back from the Purchaser for US\$100 million has been recognised as a financial liability. These adjustments have been extracted or derived from the Disposal Agreement or the consolidation schedules used to prepare the unaudited consolidated financial statements of the Group in the Interim Report 2012.
- 5) The pro forma net debt of the Retained Group (including CMC Companies) will be US\$937 million (comprising cash and cash equivalents of US\$581 million, current loans and borrowings of US\$193 million and non-current loans and borrowings of US\$1,325 million).

- 6) The net assets of the CMC Companies have been extracted, without material adjustment, from the financial information for CMC Companies as set out in Part III (Financial Information on the Monaco & Islands Companies).
- 7) Represents the settlement of intra-group balances between the CMC Companies and the Retained Group at completion of the sale and purchase pursuant to the Monaco Option as required by the Disposal Agreement. Non-current intra-group other receivables of US\$69 million and intra-group trade and other payables of US\$1 million will be settled for cash of US\$68 million at Completion. These adjustments have been extracted or derived from the Disposal Agreement or the consolidation schedules used to prepare the unaudited consolidated financial statements of the Group in the Interim Report 2012.
- 8) Consideration adjustments of US\$407 million represent gross proceeds of US\$345 million and US\$62 million in relation to a proportionate share of cash held by the CMC Companies. On completion of the CMC Disposal, the Purchaser's option to require the seller to purchase the CMC Minority Shares back from the Purchaser for US\$100 million expires, and the associated financial liability will be de-recognised. These adjustments have been extracted or derived from the Disposal Agreement or the consolidation schedules used to prepare the unaudited consolidated financial statements of the Group in the Interim Report 2012.
- 9) The pro forma net debt of the Retained Group (excluding CMC Companies) will be US\$628 million (comprising cash and cash equivalents of US\$890 million, current loans and borrowings of US\$193 million and non-current loans and borrowings of US\$1,325 million).
- 10) No account has been taken of the trading results of the Group since 30 September 2012, or of any other event of transaction, save as disclosed above.
- 11) As outlined in Section 4 of Part V (Summary of the Principal Terms and Conditions of the Disposal Agreement), if, at the Second Long Stop Date, the relevant regulatory approvals are not satisfied, then the shares in the relevant Delayed Companies shall be retained by the Seller (or such other member of the Retained Group, as applicable). In addition, as outlined in Section 9 of Part V (Summary of the Principal Terms and Conditions of the Disposal Agreement), if Monaco Option is not exercised at the end of the Option Period, the Purchaser has the option to require the Seller to purchase the CMC Minority Shares back. The pro forma statement of net assets of the Group has not been adjusted to reflect the potential non-disposal of the Delayed Companies and/or CMC Companies.

Accountant's report in respect of the unaudited pro forma statement of net assets



KPMG Audit Plc
15 Canada Square
Canary Wharf
London E14 5GL

The Directors
Cable & Wireless Communications Plc
3rd Floor
26 Red Lion Square
London WC1R 4HQ

19 December 2012

Dear Sirs

Cable & Wireless Communications Plc

We report on the pro forma net assets (the 'Pro forma financial information') set out in Part IV of the Class 1 circular dated 19 December 2012, which has been prepared on the basis described in notes 1 to 11, for illustrative purposes only, to provide information about how the disposal might have affected the financial information presented on the basis of the accounting policies adopted by Cable & Wireless Communications Plc in preparing the financial statements for the period ended 31 March 2012. This report is required by paragraph 13.3.3R of the Listing Rules of the Financial Services Authority and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

It is the responsibility of the directors of Cable & Wireless Communications Plc to prepare the Pro forma financial information in accordance with paragraph 13.3.3R of the Listing Rules of the Financial Services Authority.

It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of the Prospectus Directive Regulation, as to the proper compilation of the Pro forma financial information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to Ordinary shareholders as a result of the inclusion of this report in the Class 1 circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R(6), consenting to its inclusion in the Class 1 circular.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the directors of Cable & Wireless Communications Plc.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of Cable & Wireless Communications Plc.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- the Pro forma financial information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of Cable & Wireless Communications Plc.

Yours faithfully

KPMG Audit Plc

PART V

SUMMARY OF THE PRINCIPAL TERMS AND CONDITIONS OF THE DISPOSAL AGREEMENT

The following is a summary of the material terms of the Disposal Agreement. As set out in Section 15 of Part VI (Additional Information) of this document, the Disposal Agreement is available for inspection by Shareholders.

1. Parties and structure

The Disposal Agreement was entered into on 2 December 2012 between the Seller, the Seller Guarantor, the Purchaser and the Purchaser Guarantor for: (i) the sale and purchase of the entire issued share capital of CWC Islands Limited and CWC Holdco Limited, and shares representing 25% of the issued share capital of CMC (together, the “**Completion Shares**”); and (ii) the grant of put and call options over shares representing 75% of the issued share capital of CMC. As part of the Disposal Agreement, the relevant parties also agreed to enter into at Completion the Tax Covenant, the Brand and Trade Mark Licence Agreement and the CIS Licence and Services Agreement (see Section 12 of this Part V for further information on the aforementioned related agreements).

2. Consideration

The consideration for the purchase of the Completion Shares is the sum of US\$680 million (the “**Purchase Price**”) less that portion of the consideration relating to the shares in any Delayed Company (such portion, as adjusted, to be paid on the date on which Completion in respect of the shares in the relevant Delayed Company occurs), subject to customary adjustments relating to the amounts of debt, cash and working capital in the Monaco & Islands Disposal Companies at the Completion Date, payable in cash by the Purchaser to the Seller on Completion.

The allocation of the Purchase Price to potential Delayed Companies is as follows: (i) US\$110 million will be allocated to the Seychelles Companies; (ii) US\$50 million will be allocated to the CWC Holdco Shares, of which US\$42 million will be allocated to Cable & Wireless South Atlantic Limited (US\$32.5 million to the Falkland Islands, US\$6 million to St Helena and US\$3.5 million to Ascension) and US\$8 million to Cable & Wireless (Diego Garcia) Limited; (iii) US\$15 million will be allocated to CWC Jersey; and (iv) US\$5 million will be allocated to CWC Isle of Man.

3. Conditions to Completion

The Disposal Agreement is conditional on the satisfaction of the following conditions:

- (A) the passing of the Resolution by the Shareholders;
- (B) approval of the proposed change of control of CWC Guernsey and Dhiraagu pursuant to the transactions contemplated by the Disposal Agreement by the relevant regulatory authority in the Channel Islands and the Maldives respectively, as required under the relevant licences or shareholders’ agreement or the expiry of any relevant waiting period without any objection having been raised by the relevant regulatory authority and remaining outstanding (as applicable) (the “**Regulatory Conditions**”);
- (C) no Material Adverse Effect having occurred, having been notified by the Purchaser to the Seller (or by the Seller to the Purchaser) in writing, in each case between the date of the Disposal Agreement and the MAE Condition Date (inclusive), and remaining subsisting on the MAE Condition Date (the “**MAE Condition**”); and
- (D) the passing of a resolution approving the arrangements described in the Disposal Agreement by the shareholders of the Purchaser.

The Seller and the Purchaser have agreed to work together using all reasonable endeavours to obtain the consent of the relevant regulators to the transactions contemplated by the Disposal Agreement in order to satisfy the Regulatory Conditions and the CMC Condition (as defined in paragraph 9 below). This process may result in the incurrance of certain costs by both parties.

Batelco has provided the Company with undertakings from the holders of more than 70 per cent. of the issued share capital of Batelco undertaking to vote in favour of the Transaction at the Batelco General Meeting.

Completion is expected to take place by the end of March 2013, subject to any alternative arrangement agreed in writing by the Seller and the Purchaser.

4. Delayed closings

If, at the Completion Date, any necessary regulatory approvals for the transfer of certain Monaco & Islands Disposal Companies are not satisfied, then the shares in CWIG Limited (the holding company of the Seychelles Companies), CWC Jersey, CWC Isle of Man, Cable & Wireless (Diego Garcia) Limited or Cable & Wireless South Atlantic Limited shall not be transferred (directly or indirectly) to the Purchaser as at Completion (as applicable) (each a “**Delayed Company**”) and Completion in respect of the shares in the relevant Delayed Company (including payment of the relevant purchase price for such Delayed Company as set out in paragraph 2 above) shall be delayed until such time as the relevant regulatory approval shall have been satisfied (each a “**Delayed Completion**”). For the avoidance of doubt, Completion shall not be affected by, and shall occur irrespective of, any Delayed Completion. In the event that any of the relevant regulatory approvals are not satisfied prior to the Second Long Stop Date, the relevant Delayed Completion shall not occur and the Seller (or such other member of the Retained Group, as applicable) shall retain the shares in the relevant Delayed Company.

5. Warranties, limitations on liability and indemnities

The Seller has given warranties to the Purchaser which are customary for a transaction of this nature including, among other things, in respect of its power and ability to enter into the Disposal Agreement, title to the shares and assets being sold, accounts and financial matters, contracts, litigation, employees and pension matters, intellectual property, real estate matters and taxation.

The Disposal Agreement contains certain limitations on the ability of the Purchaser to claim against the Seller for breach of warranty. In particular, the total aggregate liability of the Seller (including all legal and other costs and expenses) under the Disposal Agreement (and the other documents being entered into pursuant to the Disposal Agreement) will not exceed US\$300 million (save in respect of claims under the warranties relating to: (i) the Seller’s capacity, (ii) the Seller’s title to the CWC Islands Shares, the CWC Holdco Shares and the CMC Shares, (iii) insolvency, and (iv) certain tax warranties, in which case the total aggregate liability of the Seller will not exceed the consideration). The Seller will not be liable for any warranty claim for less than US\$750,000. The Seller will also have no liability for any warranty claim unless and until warranty claims exceed US\$20 million in aggregate (in which case the Seller will be liable for the full amount and not just the excess over US\$20 million). In addition, non-tax warranty claims must be brought on or before the second anniversary of the Completion Date and tax warranty claims must be brought on or before the seventh anniversary of the Completion Date.

The Seller has agreed to indemnify members of the Purchaser’s Group in respect of certain matters including in relation to indemnities and warranties provided by CWC Islands Limited under the Bermuda SPA; and in relation to the Afinis Transfer and the Divona Transfer. These indemnities are subject to the cap on liability described above as well as certain customary limitations, such as preventing double recovery and governing conduct of claims.

The Seller Guarantor unconditionally and irrevocably guarantees to the Purchaser the due and punctual performance and observance by the Seller of all of its obligations, commitments and undertakings under or pursuant to the Disposal Agreement (or the other documents being entered into pursuant to the Disposal Agreement) and agrees to indemnify the Purchaser in respect of any breach by the Seller of any of its obligations, commitments and undertakings under or pursuant to the Disposal Agreement (or the other documents being entered into pursuant to the Disposal Agreement).

6. Purchaser’s and Purchaser Guarantor’s warranties and undertakings

The Purchaser and the Purchaser Guarantor have given warranties to the Seller in respect of their power and ability to enter into the Disposal Agreement.

The Purchaser and the Purchaser Guarantor have also given certain undertakings to the Seller in respect of the Purchaser’s financing arrangements.

The Purchaser Guarantor unconditionally and irrevocably guarantees to the Seller that due and punctual performance and observance by the Purchaser of all of its obligations, commitments and undertakings under

or pursuant to the Disposal Agreement (or the other documents being entered into pursuant to the Disposal Agreement) and agrees to indemnify the Seller in respect of any breach by the Purchaser of any of its obligations, commitments and undertakings under or pursuant to the Disposal Agreement (or the other documents being entered into pursuant to the Disposal Agreement).

7. Pre-Completion arrangements

Subject to certain exceptions, the Seller has agreed to (i) procure that each Controlled Company shall, and (ii) use its reasonable endeavours to exercise any such rights as it has as an indirect minority shareholder in each Non-Controlled Company to procure that each Non-Controlled Company shall, from the date of the Disposal Agreement until Completion, carry on its business in the ordinary and usual course as it is carried on in the 12 months prior to the date of the Disposal Agreement and, subject to the foregoing, the Seller shall not permit any Controlled Company to undertake any of certain specified acts or matters under the Disposal Agreement except with the prior written consent of the Purchaser.

8. Termination

The Disposal Agreement may be terminated by either the Seller or the Purchaser forthwith on written notice to the other if certain conditions to Completion, including the passing of the Resolution by the Shareholders and the Regulatory Conditions, are not fulfilled or waived on or before 2 June 2013 (the “**Long Stop Date**”) and the parties do not postpone the Long Stop Date by agreement in writing.

If, on the MAE Condition Date, the MAE Condition is not satisfied by reason of any Material Adverse Effect having occurred and been notified either by the Seller to the Purchaser or by the Purchaser to the Seller, then, subject to that Material Adverse Effect subsisting as at the MAE Condition Date, then the Purchaser shall have the right to terminate the Disposal Agreement by notice in writing to the Seller on the MAE Condition Date. A material adverse effect (“**Material Adverse Effect**”) means the occurrence of one or more facts, matters, events or circumstances specifically relating to and affecting the Monaco & Islands Disposal Companies which either individually or in aggregate, when taken together with any Material Positive Event, give rise to a material adverse impact (being an adverse impact on value of greater than US\$85 million) on the business, operations, turnover, profitability, assets, liabilities, financial condition or results of operations of the Monaco & Islands Disposal Companies taken as a whole subject to certain exclusions including, *inter alia*, any such fact, matter, event or circumstance which (i) has occurred prior to the date of the Disposal Agreement or occurs after the MAE Condition Date, (ii) individually has an adverse impact on value of less than US\$20 million or (iii) results from general changes affecting the relevant industries, markets or economic environment.

If the respective obligations of the Seller and/or the Purchaser under the completion arrangements contemplated by the Disposal Agreement are not complied with on the Completion Date, the Purchaser or, as the case may be, the Seller may terminate the Disposal Agreement by notice in writing to the other party.

9. Monaco Option Arrangements

(i) Monaco Option

The Seller and the Purchaser have entered into certain put and call option arrangements in respect of the CMC Majority Shares which, if either option becomes exercisable and is exercised within one year of Completion, would result in the transfer of the CMC Majority Shares from the Seller to the Purchaser for consideration of US\$345 million (subject to customary adjustments relating to the amounts of debt, cash and working capital in the CMC Companies at the date of completion of the CMC Disposal) (the “**Option Consideration**”).

The Monaco Option is conditional upon: (i) the Principality of Monaco approving the proposed change of control of Monaco Telecom pursuant to the Transaction; (ii) the Afghanistan Ministry of Communications and Information approving the proposed change of control of Monaco Telecom International S.A.M. pursuant to the Transaction ((i) and (ii) being the “**CMC Conditions**”); and (iii) no material adverse change having taken place between the date of the Disposal Agreement and the date of completion of the CMC Disposal. The material adverse change condition is broadly the same as the Material Adverse Effect described in paragraph 8 above save that it relates only to the CMC Companies and the relevant impact must be greater than US\$65 million.

Subject to satisfaction of the CMC Conditions, the Purchaser has the option to require the Seller to sell the CMC Majority Shares to the Purchaser for the Option Consideration, exercisable at any time during the period from and including the Completion Date to the first anniversary of the Completion Date (the “**Option Period**”), and otherwise on the terms set out in Schedule 10 of the Disposal Agreement.

Subject to: (i) satisfaction of the CMC Conditions; and (ii) there having been no material adverse change relating to the CMC Companies as described above, the Seller has the option to require the Purchaser to buy the CMC Majority Shares from the Seller for the Option Consideration, exercisable at any time during the Option Period, and otherwise on the terms set out in Schedule 10 of the Disposal Agreement.

(ii) *Option arrangements in respect of the CMC Minority Shares*

The Seller and the Purchaser have also entered into option arrangements in respect of the CMC Minority Shares which, if either option becomes exercisable and is exercised within the applicable option period, would result in the re-transfer of the CMC Minority Shares from the Purchaser to the Seller for an amount of US\$100 million.

The options will only become exercisable if the Monaco Option is not exercised by the end of the Option Period.

In such case: (i) the Purchaser has the option to require the Seller to purchase the CMC Minority Shares back from the Purchaser for US\$100 million, exercisable at any time during the period from and including the date falling 18 months after the Completion Date to the date falling 19 months after the Completion Date (and otherwise on the terms set out in Schedule 10 of the Disposal Agreement); and (ii) the Seller has the option to require the Purchaser to transfer the CMC Minority Shares back to the Seller for US\$100 million, exercisable at any time during the period from and including the date falling 12 months after the Completion Date to the date falling 19 months after the Completion Date (and otherwise on the terms set out in Schedule 10 of the Disposal Agreement).

10. Non-compete obligations

Subject to certain customary exceptions, the Seller has agreed that it will not and to procure that no other member of the Retained Group will, without the prior written consent of the Purchaser:

- (A) neither pending Completion (other than through any of the Monaco & Islands Companies) nor for a period of 36 months after the Completion Date or, in respect of any Delayed Companies or CMC Companies, the date of completion of the relevant transfer, compete with the business of any of the Monaco & Islands Companies in certain territories as it is carried on at the Completion Date; or
- (B) neither pending Completion (other than through any of the Monaco & Islands Companies) nor for a period of 36 months after the Completion Date or, in respect of any Delayed Companies or CMC Companies, the date of completion of the relevant transfer, solicit, in respect of similar goods or services, customers to whom goods or services have been sold by any of the Monaco & Islands Companies in the course of their business during the 24 months before the Completion Date.

The Seller and the Purchaser have also given each other customary undertakings not to solicit certain employees of the other pending Completion and for a period of 12 months after the Completion Date (or, in respect of relevant employees, completion of the CMC Disposal).

11. Miscellaneous

The Disposal Agreement also contains other customary provisions, such as a confidentiality obligation on the Seller not to disclose any confidential information belonging to the Monaco & Islands Companies.

The Seller has undertaken to provide, or to procure that a member of the Retained Group provides, certain management and other support services to the Group for a period of 12 months after the Completion Date.

The Disposal Agreement is governed by English law.

12. Related Agreements

Upon Completion, the Seller will enter into the Tax Covenant under which it will undertake to indemnify the Purchaser against certain tax liabilities of the Monaco & Islands Group which are referable to events occurring or profits arising prior to Completion or which are referable to members of the Seller's group other than the Monaco & Islands Group. Such arrangements are customary in transactions of this kind and will contain customary protections for the Seller.

Upon Completion, CWC Communications Limited (the "**Trade Mark Licensor**"), a wholly-owned subsidiary of the Company, Cable & Wireless South Atlantic Limited, Cable & Wireless (Diego Garcia)

Limited, CWC Guernsey, Cable & Wireless Isle of Man Limited, Cable & Wireless Jersey Limited and CWS (each a “**Trade Mark Licensee**”) and Batelco International Company B.S.C.C. will enter into the Brand and Trade Mark Licence Agreement under which the Trade Mark Licensor shall grant to each Trade Mark Licensee an exclusive licence to use (i) certain trade marks in their respective territory on/or in relation to the telecommunications services and goods offered by each Trade Mark Licensee, and (ii) the name of “Cable & Wireless” as part of the Trade Mark Licensee’s corporate name or trading name in their respective territory and as part of domain names registered in their respective territory for a term of 12 months from the Completion Date applicable to each Licensee.

Upon Completion, Cable & Wireless International HQ Limited (the “**CIS Licensor**”), a wholly-owned subsidiary of the Company, CWC Guernsey, Cable & Wireless Isle of Man Limited, Cable & Wireless Jersey Limited, CWS and Dhiraagu (each, and collectively, a “**CIS Licensee**”) and Batelco International Company B.S.C.C. will enter into the CIS Licence and Services Agreement under which the CIS Licensor shall grant to the CIS Licensee a non-exclusive, royalty-free licence to use (i) the CIS software in object code form and (ii) certain documentation and technical specifications in connection with the business of the CIS Licensee. The CIS Licensor will also provide the CIS Licensee with certain support services and, at the request of the Licensee, application development and/or consultancy services. The licence is for an initial term of two years from the date of the first of the CIS Licensees to complete the Disposal (with a one year extension at the CIS Licensee’s option and the possibility of a further two year extension subject to the agreement of the parties).

PART VI
ADDITIONAL INFORMATION

1. Responsibility Statement

The Company and the Directors, whose names appear in Section 2.2 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company and the Directors

2.1 The Company

The Company was first incorporated and registered in England and Wales as a private limited company with the name Cable & Wireless Communications Limited (registered number: 07130199) on 19 January 2010 under the Companies Act. On 26 January 2010, by written resolution, the initial shareholders of Cable & Wireless Communications Limited resolved to register the Company as a public limited company and to change the name to “Cable & Wireless Communications Plc”. This re-registration and change of name became effective on 27 January 2010.

The principal legislation under which the Company operates is the Companies Act and the regulations made thereunder. The Company is domiciled in the United Kingdom with its registered office and principal place of business in the United Kingdom at 3rd Floor, 26 Red Lion Square, London WC1R 4HQ. The business address of each of the Directors is 3rd Floor, 26 Red Lion Square, London WC1R 4HQ. The telephone number of the Company’s registered office is +44 (0)207 315 4000.

2.2 The Directors

The Directors of CWC and their functions are as follows:

Directors

Sir Richard Lapthorne, CBE	(Chairman of Board)
Tony Rice	(Chief Executive Officer)
Tim Pennington	(Chief Financial Officer)
Nick Cooper	(Corporate Services Director)
Simon Ball	(Deputy Chairman and non-executive director)
Alison Platt	(Non-executive director)
Ian Tyler	(Non-executive director)
Mark Hamlin	(Non-executive director)

3. Directors’ interests

3.1 Ordinary Shares

As at 17 December 2012 (being the latest practicable date prior to the publication of this document) the interests of each Director, their immediate families and related trusts and, insofar as is known to them or could with reasonable diligence be ascertained by them, persons connected (within the meaning of section 252 of the Companies Act) with the Directors (all of which, unless otherwise stated, are beneficial) in the share capital of the Company, including interests arising pursuant to any transaction notified to the Company pursuant to rule 3.1.2 of the Disclosure and Transparency Rules made by the FSA pursuant to FSMA, are as follows:

<u>Name of Director</u>	<u>Number of Ordinary Shares*</u>	<u>Percentage of voting rights attached to the issued share capital of the Company*</u>
Sir Richard Lapthorne, CBE	8,500,000	0.34%
Tony Rice	20,501,928	0.81%
Tim Pennington	2,454,382	0.10%
Nick Cooper	624,496	0.02%
Simon Ball	398,529	0.02%
Ian Tyler	4,000	0.0002%
Mark Hamlin	32,000	0.0013%
Alison Platt	0	0%

* The interests shown above do not include unvested matching shares allocated under the Share Purchase Plan.

3.2 Performance Share Plan

As at 17 December 2012 (being the latest practicable date prior to the publication of this document), the following Directors had the following outstanding awards over Ordinary Shares under the Performance Share Plan:

<u>Name and scheme*</u>	<u>Award Date</u>	<u>Vesting Date</u>	<u>Market price on date of award of Ordinary Shares (pence)</u>	<u>Shares under award at 17 December 2012</u>
Executive Directors				
Nick Cooper				
Performance Shares	4/6/10	4/6/13	62.85	1,160,862
Performance Shares ^{DS}	12/8/10	4/6/13	60.70	67,962
Performance Shares ^{DS}	13/1/11	4/6/13	49.95	39,722
Performance Shares ^{DS}	12/8/11	4/6/13	33.88	112,433
Performance Shares ^{DS}	12/1/12	4/6/13	37.99	52,466
Performance Shares ^{DS}	10/8/12	4/6/13	32.54	121,045
Performance Shares	2/6/11	1/6/14	43.29	1,592,718
Performance Shares ^{DS}	12/8/11	1/6/14	33.88	154,260
Performance Shares ^{DS}	12/1/12	1/6/14	37.99	71,984
Performance Shares ^{DS}	10/8/12	1/6/14	32.54	166,075
				<u>3,539,527</u>
Tim Pennington				
Performance Shares	4/6/10	4/6/13	62.85	2,321,724
Performance Shares ^{DS}	12/8/10	4/6/13	60.70	135,925
Performance Shares ^{DS}	13/1/11	4/6/13	49.95	79,445
Performance Shares ^{DS}	12/8/11	4/6/13	33.88	224,867
Performance Shares ^{DS}	12/1/12	4/6/13	37.99	104,932
Performance Shares ^{DS}	10/8/12	4/6/13	32.54	242,090
Performance Shares	2/6/11	1/6/14	43.29	3,185,437
Performance Shares ^{DS}	12/8/11	1/6/14	33.88	308,521
Performance Shares ^{DS}	12/1/12	1/6/14	37.99	143,969
Performance Shares ^{DS}	10/8/12	1/6/14	32.54	332,150
				<u>7,079,060</u>
Tony Rice				
Performance Shares	4/6/10	4/6/13	62.85	3,250,414
Performance Shares ^{DS}	12/8/10	4/6/13	60.70	190,295
Performance Shares ^{DS}	13/1/11	4/6/13	49.95	111,223
Performance Shares ^{DS}	12/8/11	4/6/13	33.88	314,814
Performance Shares ^{DS}	12/1/12	4/6/13	37.99	146,906
Performance Shares ^{DS}	10/8/12	4/6/13	32.54	338,926
Performance Shares	2/6/11	1/6/14	43.29	4,459,613
Performance Shares ^{DS}	12/8/11	1/6/14	33.88	431,929
Performance Shares ^{DS}	12/1/12	1/6/14	37.99	201,557
Performance Shares ^{DS}	10/8/12	1/6/14	32.54	465,011
				<u>9,910,688</u>

* DS – Dividend Shares

3.3 Share Purchase Plan

As at 17 December 2012 (being the latest practicable date prior to the publication of this document), the following Directors had the following outstanding awards over Ordinary Shares under the Share Purchase Plan:

<u>Name and scheme*</u>	<u>Award Date</u>	<u>Vesting Date</u>	<u>Market price on date of award of Ordinary Shares (pence)</u>	<u>Market price on date of vesting (pence)</u>	<u>Shares under award at 17 December 2012</u>
Nick Cooper					
Share Purchase Plan ^{MS}	12/5/10	12/5/13	60.2	-	<u>2,492</u>
					<u>2,492</u>
Tim Pennington					
Share Purchase Plan ^{MS}	12/5/10	12/5/13	60.2	-	2,491
Share Purchase Plan ^{MS}	9/6/10	9/6/13	57.34	-	2
Share Purchase Plan ^{MS}	12/4/12	12/4/15	31.00	-	<u>4,839</u>
					<u>7,332</u>
Tony Rice					
Share Purchase Plan ^{MS}	12/5/10	12/5/13	60.2	-	<u>2,492</u>
					<u>2,492</u>

* MS – Matching Shares

3.4 Share Option Plan

As at 17 December 2012 (being the latest practicable date prior to the publication of this document), the following Directors had the following outstanding options under the Share Option Plan:

	<u>Grant Date</u>	<u>Date from which first exercisable</u>	<u>Date of expiry of option</u>	<u>Exercise price (pence)</u>	<u>Shares under option at 17 December 2012</u>
Tony Rice	30/03/2006	21/05/2009	29/03/2013	110.05	<u>5,424,807</u>
					<u>5,424,807</u>

4. Details of Directors' service contracts

4.1 Chairman

Sir Richard Laphorne was appointed as Chairman and Director of the Company on 25 January 2010 by a letter of amendment dated 15 January 2010, which amended his letter of appointment as Chairman and Director of Cable and Wireless plc dated 6 June 2007. The employment can be terminated by either party by one year's notice or by the Company with no notice or less than full notice by paying a sum equal to his base salary in lieu of the unexpired part of his notice period. His appointment is also subject to the requirement to stand for annual re-election at the annual general meeting of the Company. There are no contractual entitlements on early termination or following a change of control.

4.2 Executive directors

Tony Rice was appointed as Director and Chief Executive Officer of the Company on 25 January 2010 by a letter of amendment dated 18 January 2010, which amended his service agreement as Group Managing Director and Finance Director of Cable and Wireless plc dated 30 March 2006. The agreement can be terminated by either party by one year's notice or by the Company with no notice or less than full notice by paying a sum equivalent to his base salary in lieu of the notice period or any unexpired part of it. The agreement will also automatically terminate on the first day of the month immediately following the month in which he turns 65 years old.

Tim Pennington was appointed as a Director and Chief Financial Officer of the Company on 25 January 2010 by a letter of amendment dated 18 January 2010, which amended his service agreement as Group Finance Director of Cable and Wireless plc dated 11 November 2008. The agreement can be terminated by either party by one year's notice or by the Company with no notice or less than full notice by paying a sum equivalent to his base salary in lieu of the notice period or any unexpired part of it. The agreement will also automatically terminate on the first day of the month immediately following the month in which he turns 65 years old.

Nick Cooper entered into a service agreement with Cable & Wireless Limited on 21 January 2010, appointing him as Executive Director and Corporate Services Director of the Company as of 25 January 2010. The agreement can be terminated by either party by one year's notice or by the Company with no notice or less than full notice by paying a sum equivalent to his base salary in lieu of the notice period or any unexpired part of it. The agreement will also automatically terminate on the first day of the month immediately following the month in which he turns 65 years old.

The executive directors' service contracts provide that, in the event of a change of control of the Company or Cable & Wireless Limited and a director's employment being adversely changed, then he will receive a payment equal to base salary for the notice period and a time pro-rated annual bonus. The contracts do not provide for any other fixed payments. The executive directors' service contracts contain no other provisions for compensation payable on early termination.

4.3 Non-executive directors

The Company has entered into letters of appointment with all of its non-executive directors in respect of the provision to the Company of services:

<u>Non-executive director</u>	<u>Date of appointment</u>	<u>Date of most recent letter of appointment</u>	<u>Notice period</u>
Simon Ball	25 January 2010	30 April 2012*	1 month
Ian Tyler	1 January 2011	16 December 2010	1 month
Mark Hamlin	1 January 2012	14 December 2011	1 month
Alison Platt	1 June 2012	28 May 2012	1 month

* This letter amended Simon Ball's letter of appointment as a non-executive director of Cable and Wireless plc dated 16 May 2006 (as previously amended on 15 January 2010).

The non-executive directors do not have service contracts with the Company, but instead have letters of appointment. Their fees are determined by the Board, within the limits set out in the Company's Articles of Association, with the non-executive directors abstaining from any discussion or decision over their fees.

Non-executive directors are appointed for an initial three-year term with the expectation that a further three-year term will follow. After two three-year terms, the continued appointment of any non-executive director may be extended on an annual basis at the invitation of the Chairman of the Company, but total service will not exceed nine years. Termination of the appointment may be earlier at the discretion of either party on one month's written notice. None of the non-executive directors is entitled to any compensation if their appointment is terminated. Appointments will be subject to re-election at the AGM in accordance with the UK Corporate Governance Code.

5. Key individuals of the Monaco & Islands Companies

The names and principal functions of the key individuals within the Monaco & Islands Companies are set out below:

<u>Name</u>	<u>Position</u>
Denis Martin	Chief Executive Officer of Monaco & Islands
Frédéric Pinchaud	Chief Financial Officer of Monaco & Islands
Catherine Delom	Chief Technical Officer of Monaco & Islands
David Woods	Human Resources Director of Monaco & Islands
Martin Péronnet	Chief Executive Officer of Monaco Telecom
Markus Lackermaier	Chief Financial Officer of Monaco Telecom
Eddie Saints	Chief Executive Officer of Channel Islands and Isle of Man operation
Sean Cassidy	Chief Financial Officer of Channel Islands and Isle of Man operation
Andy Bridson	Chief Commercial Officer of Channel Islands and Isle of Man operation
Ismail Waheed	Chief Executive Officer and Managing Director of Dhiraagu
Avnish Jindal	Chief Financial Officer of Dhiraagu
Ismail Rasheed	Chief Operating Officer of Dhiraagu
Adam Dunlop	Development Director, Chief Executive Officer of Seychelles and SADG operation
Charles Hammond	Chief Executive Officer of Seychelles operation
Ajay Walia	Chief Finance Officer of Seychelles operation

6. Major interests in shares

Save as in respect of the interests of the Directors set out in Section 3 above and save as disclosed below, the Company is not aware of any person who directly or indirectly had, as at 17 December 2012 (being the latest practicable date prior to the publication of this document), a notifiable interest in the issued share capital of the Company under Chapter 5 of the Disclosure and Transparency Rules:

<u>Name</u>	<u>Number of Ordinary Shares</u>	<u>Percentage of voting rights attached to the issued share capital of the Company</u>
Newton Investment Management Limited	252,784,845	10.00
Orbis Holdings Limited	370,326,609	14.65

So far as the Company is aware, no person or persons, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

7. Summary of effects of the Disposal and the CMC Disposal on the Employee Share Schemes

In circumstances such as the Disposal and the CMC Disposal, where a subsidiary or a number of subsidiary companies are transferred out of the Group, in accordance with the rules of the Employee Share Schemes as previously approved by Shareholders, the employees of those subsidiary companies participating in the relevant Employee Share Schemes will be able to exercise for a limited period share options granted, and share awards held will generally vest subject to performance conditions, where applicable, having been met or waived. Ordinary Shareholder approval is not required.

8. Related party transactions

8.1 Details of related party transactions (which for these purposes are those set out in the standards adopted according to Regulation (EC) No 1606/2002) that the Company has entered into are set out below:

- (A) during the financial year ended 31 March 2010, such transactions are disclosed in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002 in note 39 on page 118 of Annual Report 09/10 which is hereby incorporated by reference into this document;
- (B) during the financial year ended 31 March 2011, such transactions are disclosed in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002 in note 39 on page 122 of Annual Report 10/11 which is hereby incorporated by reference into this document; and

(C) during the financial year ended 31 March 2012, such transactions are disclosed in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002 in note 31 on page 108 of Annual Report 11/12 which is hereby incorporated by reference into this document.

8.2 During the period from 1 April 2012 up to 30 September 2012, the Company has entered into the following related party transactions:

(A) Directors

At 31 March 2012, a Director's spouse held bonds issued by Cable & Wireless Limited with a nominal value of US\$15,967 (£10,000). This Director retired on 30 June 2012. The interest earned on these bonds during the period 1 April 2012 to 30 June 2012 was US\$344 which has been paid in full.

A Director's spouse holds bonds issued by Cable and Wireless International Finance BV with a nominal value at 30 September 2012 of US\$777,454 (£480,000). The interest earned on these bonds during the six months ended 30 September 2012 was US\$32,729 and US\$33,620 remains unpaid at 30 September 2012.

Two children of a Director hold bonds issued by Cable and Wireless International Finance BV. These bonds had a nominal value at 30 September 2012 of US\$809,848 (£500,000). The interest earned on those bonds during the six months ended 30 September 2012 was US\$34,093 and US\$35,020 remains unpaid at 30 September 2012.

(B) Joint venture and associates and other related party transactions

All trade transactions with joint ventures and associates arise in the normal course of business and primarily relate to fees for use of the Group's products and services, network and access charges.

During the six months ended 30 September 2012, the Group received dividends of US\$1 million from joint ventures and associates (US\$2 million for the six months ended 30 September 2011). At 30 September 2012, joint ventures and associates owed net US\$3 million (net US\$2 million at 31 March 2012) in respect of trading balances.

There were no other material trade transactions with joint ventures and associates during the year.

8.3 During the period from 30 September 2012 to the date of this document, the nature of the related party transactions of the Group has not changed from those described in Section 8.2 above.

9. Material contracts

9.1 The Retained Group

No contracts have been entered into (other than contracts entered into in the ordinary course of business) by any member of the Retained Group either: (i) within the period of two years immediately preceding the date of this document which are or may be material to the Retained Group; or (ii) which contain any provisions under which any member of the Retained Group has any obligation or entitlement which is, or may be, material to the Retained Group as at the date of this document, save for the Disposal Agreement, which is summarised in Part V (Summary of the Principal Terms and Conditions of the Disposal Agreement) of this document, save as disclosed below:

Supply Agreement

Certain members of the Group are party to an agreement with a supplier that sets forth minimum order commitments over a three-year term expiring in May 2014. The total amount of spending required to meet these minimum commitments under the agreement is material to the Group.

Joint Venture and Shareholders' Agreements

Trinidad and Tobago agreement

The Telecommunications Services of Trinidad and Tobago Limited ("TSTT") is 49% owned by Cable and Wireless (West Indies) Limited and 51% owned by National Enterprises Limited. Cable and Wireless (West Indies) Limited may sell, charge or create a lien over its 49% shareholding after full payment, provided it maintains a minimum interest of 29% in the issued share capital of TSTT at any one time. This is conditional upon approval by National Enterprises Limited, which approval shall not be unreasonably withheld. Under this agreement, TSTT may not, without the approval of at least one director appointed by

each of Cable and Wireless (West Indies) Limited and National Enterprises Limited, issue shares or other securities, pay dividends or make other distributions, alter its corporate documents or change the scope of its business, among other things. The agreement further provides that not less than 50% of net profits must be distributed to shareholders, provided that the distribution does not exceed net distributable profits of TSTT.

Under a concession agreement dated 31 December 2005, the Trinidad and Tobago government and the Telecommunications Authority of Trinidad and Tobago authorised TSTT, by way of a renewable licence, to operate a public telecommunications network and provide telecommunications and broadcasting services in Trinidad and Tobago, which may be subject to certain anti-competitive provisions, for a period of ten years with effect from 30 December 2005. On 30 December 2005, the Trinidad and Tobago government granted TSTT a renewable spectrum licence (the “**Spectrum Licence**”) to operate and use radio communications services and radio transmitting equipment in Trinidad and Tobago. The Spectrum Licence was granted to TSTT to operate on different bandwidths and the licence periods range from two-and-a-half to ten years with effect from 30 December 2005. The Spectrum Licence is transferable subject to the prior written approval of the Telecommunications Authority of Trinidad and Tobago, which approval shall not be unreasonably withheld.

Macau agreement

On 20 August 1981, Cable & Wireless Limited and the Macau SAR government entered into an agreement (the “**Original Agreement**”), under which Cable & Wireless Limited agreed to form a company – Companhia De Telecomunicações de Macau S.A.R.L. (“**CTM**”) – to operate, on an exclusive basis, public telecommunications services in Macau. The Original Agreement was amended on 6 December 2009 and by a revised agreement dated 6 November 2009 (the “**Revised Agreement**”).

Sable Holding Limited holds 51%, PT Participações, SGPS. S.A. holds 25%, PT Comunicações, S.A. holds 3%, CITIC Telecom International Holdings Limited holds 20% and Direcção dos Serviços de Correios (Macao Post) holds 1%, of the issued share capital of CTM. Under the organisational documents of CTM, any transfer of shares between shareholders or disposal of shares to persons unconnected with CTM requires the prior written consent of the Governor of Macau and the founding members. Such transfer and/or disposal are subject to the pre-emption rights of the non-selling shareholders. Where more than one shareholder indicates that he wishes to exercise his right, preference will be given to the shareholder with the largest shareholding and, where the shareholding is the same, preference will be given to the shareholder of longer standing.

CTM was appointed as the exclusive operator of public telecommunications in Macau on 20 August 1981 pursuant to the Original Agreement and was re-appointed as exclusive operator of fixed voice services on 6 December 1999 and 6 November 2009 under the Revised Agreement. CTM’s exclusivity in fixed voice ended on 31 December 2011, but CTM retains the right to provide fixed voice services on a non-exclusive basis. CTM’s current fixed voice licence expires on 31 December 2016, with automatic renewal for another five years until 31 December 2021. The Revised Agreement is transferable with the prior approval of the Macau SAR government and contains various provisions binding CTM to maintain and develop the telecommunications systems of Macau.

Panama agreement

On 20 May 1997, the Republic of Panama, acting as seller, and Cable & Wireless Limited, acting as purchaser, entered into a sale and purchase agreement (the “**SPA**”) for the transfer of 245 million Class B Shares (the “**Panama Shares**”) representing 49% of the share capital of Panama Company Instituto Nacional de Telecomunicaciones, S.A., which was renamed CWP after the share purchase.

Cable & Wireless Limited, through its wholly owned subsidiary, CWC CALA Holdings Limited, owns 49% of the issued share capital of CWP, the Republic of Panama owns 49% and a local trust (whose beneficiaries are the employees of CWP) owns 2%. Under the SPA, the Republic of Panama has a right of first refusal in relation to the Panama Shares in accordance with Section 2, paragraph 4 of Act No. 5 (“**Section 2**”) for as long as Section 2 is in force. While Section 2 remains in force, the Purchaser’s stake in CWP must not exceed 49%. In the event that Section 2 is modified to allow Cable & Wireless Limited to increase its stake in CWP, the Republic of Panama will grant to Cable & Wireless Limited a right of first refusal to purchase such percentage of Class A Shares as is necessary to effect a 5% increase in its stake in CWP. Cable & Wireless Limited is not allowed to transfer any of its rights or obligations under the SPA without the prior written consent of the Republic of Panama.

The Bahamas agreement

In April 2011, the Group, through its wholly owned subsidiary, CWC Bahamas Holdings Limited, acquired a 51% interest in the Bahamas Telecommunications Company Limited (“**BTC**”). The Government of The Bahamas owns the remaining 49% interest. Under the shareholders’ agreement dated 6 April 2011, both parties are subject to a prohibition against transfers of shares until April 2016. The Government is excepted from this prohibition in certain circumstances, including while undertaking a public offering of up to 9% of BTC’s issued share capital within three years of the agreement and up to an aggregate of 25% within five years of the agreement. In those circumstances where transfers are permitted by either party, they are subject to pre-emption rights. The Government is also able to require a sale by the Group of its shares in BTC if the Group’s actions lead to an un-remedied event of default. Furthermore, in those circumstances where the Group is permitted to sell its shares, the Government may exercise a tag-along right.

Pursuant to the shareholders’ agreement, the Government of The Bahamas has the right to appoint directors to the Board of Directors of BTC. In addition, for so long as the Government of The Bahamas owns at least a 15% interest in BTC, BTC may not, without the Government’s prior approval, undertake the following actions, among others: alter the governing documents of BTC, materially change the nature of business of BTC, incur debt in excess of 2.5 times EBITDA, sell material assets, enter into certain business transactions with the rest of the Group, engage in redundancies (other than a pre-approved voluntary separation process) until April 2013 or increase fixed fees under a related service agreement with the Government of The Bahamas pursuant to which BTC provides services to it. Directors appointed by the Group may not vote on certain decisions relating to the service agreement with the Government of The Bahamas. The shareholders’ agreement also restricts the amount of dividends that may be distributed for the years ending 31 March 2012 and 31 March 2013 to 60% of after-tax profits (before exceptional charges and no-cash exceptional income). The Group also agreed not to compete with BTC during the duration of the shareholders’ agreement and until two years after the earlier of the termination of the shareholders’ agreement or the Group ceasing to own any shares in BTC. Cable & Wireless (West Indies) Limited serves as a guarantor of the Group’s obligations under the shareholders’ agreement and may not dispose of substantially all of its assets unless it procures a comparable guarantor as a substitute.

Contingent Funding Agreement

The Company and Sable International Finance Limited entered into a contingent funding agreement with the Superannuation Fund Trustee on 3 February 2010 (which was amended and restated on 10 January 2012) (the “**Contingent Funding Agreement**”) to address the Group’s funding obligations with respect to the Cable and Wireless Superannuation Fund. The Contingent Funding Agreement entitles the Superannuation Fund Trustee to require the Company or Sable International Finance Limited to provide it with £100 million of collateral in the form of letters of credit or a cash escrow arrangement upon the occurrence of certain events. These events include, but are not limited to, the breach by the Group of certain financial covenants, the incurrence by the Group of secured debt above an agreed level and the failure by the Group to maintain available commitments under certain credit facilities of at least US\$150 million. Pursuant to the Contingent Funding Agreement, any such letters of credit or cash escrow arrangement would remain in place until the earlier of such time as, among other things, in the case of certain triggering events, the relevant triggering event is cured, or in the case of certain other triggering events, the end of the 12-month period ending 31 March or 30 September, respectively, during which the relevant triggering event is cured, or the Superannuation Fund Trustee has agreed to an earlier lapse or there is no longer a deficit in the Cable and Wireless Superannuation Fund (pursuant to a supplementary funding agreement between Cable & Wireless Limited and the Superannuation Fund Trustee, the deficit is scheduled to be eliminated by April 2016). In addition, upon the occurrence of certain other default or insolvency-based events and provided that there is a deficit in the Cable and Wireless Superannuation Fund, the Superannuation Fund Trustee may draw on any such letters of credit or cash escrow arrangement to fund the deficit of the Cable and Wireless Superannuation Fund at such time and return any remaining balance to the Company or, if unable to make such a drawing, require the Company or Sable International Finance Limited, as the case may be, to make a cash contribution of an amount up to £100 million to the Cable and Wireless Superannuation Fund to fund the deficit thereunder at such time.

On 26 January 2012, Sable International Finance Limited issued US\$400 million aggregate principal amount of 8.750% senior secured notes due 2020 (the “**Offering**”). The notes are guaranteed by the Company and certain of its subsidiaries. In consequence of the Offering and pursuant to the terms of the Contingent Funding Agreement, various financial institutions have issued letters of credit in an aggregate amount of £100 million in favour of the Superannuation Fund Trustee. As part of these arrangements, Cable

& Wireless Limited has incurred counter-indemnity obligations to the various financial institution counterparties which would be triggered in the event that the letters of credit are drawn upon by the Superannuation Fund Trustee.

Demerger-related Agreements³

Separation agreement

The Company entered into a Separation Agreement on 2 February 2010 with Cable & Wireless Worldwide plc, Cable & Wireless Limited, CWI Group Limited and Cable & Wireless UK Holdings Limited, which sets forth agreements that govern certain aspects of the relationship between the Company and Cable & Wireless Worldwide plc and their respective subsidiaries post-Demerger, which was amended on 20 April 2010 (as amended, the “**Separation Agreement**”).

The Separation Agreement contains, among other things, the agreements between Cable & Wireless Limited, the Company and Cable & Wireless Worldwide plc in relation to the substitution of Cable & Wireless Worldwide plc as the principal debtor under the convertible bonds due 2014 issued by the former Cable and Wireless plc in November 2009.

Under the Separation Agreement, the Company and Cable & Wireless Worldwide plc have also agreed to provide each other with certain customary indemnities on a reciprocal basis in respect of liabilities that the Group may incur but which relate exclusively to the Cable & Wireless Worldwide Group and vice versa and in respect of an agreed proportion of liabilities that do not relate exclusively to one group or the other.

In consideration for a reciprocal undertaking given by Cable & Wireless Worldwide plc, the Company has also agreed to use its reasonable endeavours to procure that each member of the Cable & Wireless Worldwide Group is released from all guarantees and indemnities given in respect of any liability or obligation of any member of the Group and, pending the release of such guarantees and indemnities, has indemnified the Cable & Wireless Worldwide Group against all liabilities associated therewith. In addition, the Company (in respect of guarantees given by the Cable & Wireless Worldwide Group) and Cable & Wireless Worldwide plc (in respect of guarantees given by the Group) shall pay a negotiated fee for the maintenance of such guarantees until they are released.

The Company still guarantees approximately US\$2 million of the Cable & Wireless Worldwide Group’s liabilities as at 30 September 2012 and Cable & Wireless Worldwide Group is not providing any guarantees in respect of the Company’s obligations.

The Separation Agreement also sets out the agreements between the Company and Cable & Wireless Worldwide plc regarding access to financial and other records and information, insurance matters, incentive scheme matters, real estate matters and provisions in relation to certain existing contractual arrangements relevant to either the Group or the Cable & Wireless Worldwide Group after the Demerger.

Intellectual property arrangements

Prior to the Demerger, all rights held by the Cable & Wireless Worldwide Group and the Group in the Cable & Wireless Trademarks were assigned to a UK joint venture company. Shares in the joint venture company are held 50% by Cable & Wireless Limited and 50% by Cable & Wireless UK Holdings Limited. Cable & Wireless Limited was granted the Cable & Wireless Communications Licence in certain specified territories (the “**Cable & Wireless Communications Territory**”) and a licence to use the Cable & Wireless Trademarks in certain other territories (the “**Cable & Wireless Worldwide Licence**”). Cable & Wireless Limited subsequently assigned the Cable & Wireless Communications Licence to CWC Communications Limited. The Cable & Wireless Worldwide Licence was subsequently transferred to Cable & Wireless Worldwide plc.

Under the Cable & Wireless Communications Licence, the Group has been granted a licence to use and exploit (including by way of sub-licensing) the Cable & Wireless Trademarks in the Cable & Wireless Communications Territory, and the “Cable & Wireless Globe” logo and the acronym “CWC” globally. The Group is also authorised to use and exploit the Cable & Wireless Trademarks outside of the Cable & Wireless Communications Territory for certain incidental uses, certain grandfathered use on existing materials and for restricted use directly related to the Group’s corporate headquarters and public listing in London and for marketing to investors and financiers. Additionally, in relation to the Group’s Carrier Business, it is licensed to use the Cable & Wireless Trademarks outside the Cable & Wireless Communications Territory in conjunction with a suffix indicating its country of origin to assist in the

³ Cable & Wireless Worldwide plc was recently the subject of a cash offer by Vodafone Europe B.V., an indirect wholly owned subsidiary of Vodafone Group Plc, which acquired the entire issued share capital of Cable & Wireless Worldwide plc under a scheme of arrangement which became effective on 27 July 2012.

identification of the Carrier Business in the global marketplace. The Cable & Wireless Communications Licence is (save for certain similar global rights in relation to its Carrier Business and certain similar incidental and grandfathered rights granted to the Cable & Wireless Worldwide Group) exclusive in the Cable & Wireless Communications Territory.

Under the terms of the Cable & Wireless Communications Licence, the Group is responsible, within the Cable & Wireless Communications Territory and, in relation to the “Cable & Wireless Globe” logo and the acronym “CWC” only, outside the Cable & Wireless Communications Territory, for prosecuting applications for registration and maintaining existing trademark registrations of the Cable & Wireless Trademarks at its own cost and has the right (at its own cost) to take action against third-party infringers of the Cable & Wireless Trademarks, the “Cable & Wireless Globe” logo and the acronym “CWC” within the Cable & Wireless Communications Territory.

Under the terms of the Cable & Wireless Communications Licence, the licensor may only terminate the licence or any sub-licence under limited circumstances: (i) where either a member of the Group or one of its sub-licensees directly or indirectly challenges the validity of any of the Cable & Wireless Trademarks; and (ii) if the Group licensee is in material breach of the Cable & Wireless Communications Licence and either that breach is incapable of remedy or it has failed to remedy that breach within 90 days of receiving notice and, following implementation of an escalation procedure under the Cable & Wireless Communications Licence, the licensor may terminate the Cable & Wireless Communications Licence in its entirety or in relation to any country (but not otherwise in part). The Group licensee may terminate the agreement: (i) on 120 days’ written notice; or (ii) similarly for a breach by the licensor. Acts or omissions of (and therefore breaches by) sub-licensees are deemed to be acts or omissions of the Group licensee. Aside from these specific termination provisions, the Cable & Wireless Communications Licence is perpetual and irrevocable.

9.2 The Monaco & Islands Companies

No contracts have been entered into (other than contracts entered into in the ordinary course of business) by any member of the Monaco & Islands Companies either: (i) within the period of two years immediately preceding the date of this document which are or may be material to the Monaco & Islands Companies; or (ii) which contain any provisions under which any member of the Monaco & Islands Companies has any obligation or entitlement which is, or may be, material to the Monaco & Islands Companies as at the date of this document, save as disclosed below:

Joint Venture and Shareholders’ Agreements

Monaco shareholders’ agreement

On 18 June 2004, Cable & Wireless Limited, La Société Nationale de Financement (“SNF”), CMC and La Compagnie Monégasque de Banque entered into a shareholders’ agreement relating to Monaco Telecom. Monaco Telecom provides public telecommunications services in the territory of the Principality of Monaco, and Cable & Wireless Limited indirectly holds (through its indirect 100% holding in CMC) a 49% stake in the share capital of Monaco Telecom, with voting and economic rights in respect of an additional 6% through a contractual arrangement.

Under the change of control provisions in the agreement, upon a change of control of Cable & Wireless Limited or any subsidiary of Cable & Wireless Limited which directly or indirectly controls Monaco Telecom, CMC shall, in the absence of a waiver by SNF, assign Monaco Telecom’s securities to SNF at a price determined by mutual agreement of the parties, or, if no agreement is reached, at market value, subject to the condition that the State of Monaco or CMC, as appropriate, has given its prior consent to such change of control. The agreement contains a similar provision in respect of a change of control of SNF. Pursuant to a letter of amendment dated 18 October 2008, the parties to the agreement consented to any change of control of Cable & Wireless Limited under the Demerger and therefore no transfer of Monaco Telecom’s securities was required owing to the Demerger.

Cable & Wireless Limited has also given a joint and several guarantee in favour of SNF, guaranteeing the payment of certain sums that may be payable by CMC to SNF under the agreement, including all default interest, charges and ancillary expenses. The agreement prohibits Cable & Wireless Limited from competing with Monaco Telecom within Monaco. The agreement gives SNF the right to exercise a put option in respect of its Monaco Telecom securities pursuant to which it can put such securities to the Group in one or several tranches up to 30 April 2019 by giving four months’ notice in writing.

The Maldives shareholders' agreement

On 17 May 1988, Cable & Wireless Limited and the Government of the Republic of Maldives entered into a shareholders' agreement, pursuant to which Dhiraagu was established to own, operate, manage and maintain the national and international Maldives telecommunications systems and services of the Maldives. Cable & Wireless Limited's interest was subsequently transferred to CWC Islands Limited (formerly known as Cable & Wireless Middle East & Islands Limited ("**CWC Islands**"). The shareholders' agreement was amended and restated on 18 October 2009, pursuant to which the parties agreed to the terms and conditions upon which Dhiraagu would be regulated and managed.

CWC Islands owns a controlling stake of 52% of Dhiraagu. The remaining 48% stake is split among the public (5.9%, post an initial public offering by the Maldives government that was completed in December 2011), the Maldives government (41.8%) and the employees (0.3%, post the December 2011 offering).

Under the terms of the amended and restated shareholders' agreement, any transfer of shares by a shareholder (except by the Maldives government in the context of an initial public offering) in Dhiraagu is subject to pre-emption rights, whereby the non-selling shareholder has the right to buy the relevant shares from the selling shareholder at a price to be mutually agreed or as otherwise determined by an independent accountant. If the controlling shareholder, in this case CWC Islands, proposes to transfer its shares, the non-selling shareholder has tag-along rights to sell its shares on the same terms as those of the controlling shareholder. Any amalgamation or reconstruction directly involving Dhiraagu will require a special resolution of shareholders. At least two directors appointed by the Maldives government must approve large acquisitions and dispositions, large loans or investments, the creation of a charge over a large portion of Dhiraagu's assets, and the entry by Dhiraagu into material non-ordinary course of business contracts.

10. Litigation

10.1 The Retained Group

There are no, nor have there been any, governmental, legal or arbitration proceedings (nor is the Company aware of any such proceedings being pending or threatened) which may have, or during the last 12 months prior to the date of this document have had, a significant effect on the Retained Group's financial position or profitability.

10.2 The Monaco & Islands Disposal Companies or the Monaco & Islands Companies

There are no, nor have there been any, governmental, legal or arbitration proceedings (nor is the Company aware of any such proceedings being pending or threatened) which may have, or during the last 12 months prior to the date of this document have had, a significant effect on the financial position or profitability of the Monaco & Islands Disposal Companies or the Monaco & Islands Companies.

11. Working capital statement

The Company is of the opinion that, taking into account the net proceeds of the Disposal, cash and banking facilities available to the Retained Group, the Retained Group has sufficient working capital available to it for its present requirements, that is, for at least the next 12 months from the date of publication of this document.

12. Consents

12.1 J.P. Morgan Cazenove has given, and has not withdrawn, its consent to the inclusion in this document of the references to its name in the form and context in which they are included.

12.2 Akira Partners has given, and has not withdrawn, its consent to the inclusion in this document of the references to its name in the form and context in which they are included.

12.3 KPMG is a member firm of the Institute of Chartered Accountants in England and Wales and has given, and not withdrawn, its written consent to the inclusion of its report on the unaudited *pro forma* statement of net assets in Part IV (Unaudited Pro Forma Statement of Net Assets) of this document, in the form and context in which it appears.

13. Significant change

13.1 The Retained Group

There has been no significant change in the financial or trading position of the Retained Group since 30 September 2012, being the date to which the last unaudited consolidated financial statements of the Group were prepared.

13.2 The Monaco & Islands Disposal Companies or the Monaco & Islands Companies

There has been no significant change in the financial or trading position of the Monaco & Islands Disposal Companies or the Monaco & Islands Companies since 30 September 2012, being the date to which the financial information of the Monaco & Islands Companies presented in Part III (Financial Information on the Monaco & Islands Companies) of this document has been prepared.

14. Information incorporated by reference

Information from the following documents has been incorporated by reference in this document:

<u>Documents containing information incorporated by reference</u>	<u>Section in which the document is referred to</u>	<u>Where the information can be accessed by Shareholders</u>
Interim Report 2012	Part I (Letter from the Chairman of Cable & Wireless Communications Plc), Sections 3 and 7, Part VI (Additional Information), Section 8	The Company's website, www.cwc.com
Annual Report 11/12	Part I (Letter from the Chairman of Cable & Wireless Communications Plc), Section 7; Part VI (Additional Information), Section 8	The Company's website, www.cwc.com
Annual Report 10/11	Part VI (Additional Information), Section 8	The Company's website, www.cwc.com
Annual Report 09/10	Part VI (Additional Information), Section 8	The Company's website, www.cwc.com

A copy of each of the documents listed above has been filed with the FSA and is also available for inspection in accordance with Section 15 below.

15. Documents available for inspection

Copies of the following documents will be available for inspection at the offices of the Company at 3rd Floor, 26 Red Lion Square, London WC1R 4HQ and at the offices of Slaughter and May at One Bunhill Row, London EC1Y 8YY during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) up to and including the date of the General Meeting:

- (A) the Memorandum and Articles of Association of the Company;
- (B) the consent letters referred to in Section 12 of this Part VI (Additional Information);
- (C) the Annual Report 09/10, Annual Report 10/11 and Annual Report 11/12 for the years ended 31 March 2010, 31 March 2011 and 31 March 2012 respectively;
- (D) the Interim Report 2012 for the six months ending 30 September 2012;
- (E) the unaudited *pro forma* statement of net assets as at 30 September 2012;
- (F) KPMG's report on the unaudited *pro forma* statement of net assets;
- (G) the Disposal Agreement; and
- (H) this document.

19 December 2012

PART VII

DEFINITIONS

The following terms have the following meanings throughout this document unless the context otherwise requires:

“Afinis Transfer”	means the transfer by Monaco Telecom International S.A.M. of shares in Afinis Communications S.A. to SkyVision Global Networks Limited;
“Akira Partners”	means Akira Partners LLP with registered office at 24 Ladbroke Gardens, London W11 2PY, United Kingdom;
“Annual Report 09/10”	means the Group’s annual report and financial statements for the year ended 31 March 2010;
“Annual Report 10/11”	means the Group’s annual report and financial statements for the year ended 31 March 2011;
“Annual Report 11/12”	means the Group’s annual report and financial statements for the year ended 31 March 2012;
“Articles of Association”	means the articles of association of the Company;
“Batelco”	means Bahrain Telecommunications Company B.S.C with registered office at PO Box 14, Manama, Kingdom of Bahrain;
“Batelco General Meeting”	means the general meeting of Batelco to be held for the purpose of approving the Transaction;
“Bermuda SPA”	means the share purchase agreement dated 22 February 2011 between CWC Islands Limited and Eastlink International Holdings Inc. in relation to the sale of Cable and Wireless (Bermuda) Holdings Ltd;
“Board” or “Directors”	means the board of directors of the Company;
“Brand and Trade Mark Licence Agreement”	means the licence agreement in the agreed form to be entered into at Completion by CWC Communications Limited, CWC Guernsey, Cable & Wireless Isle of Man Limited, Cable & Wireless Jersey Limited, Cable & Wireless South Atlantic Limited, Cable & Wireless (Diego Garcia) Limited and CWS;
“Business Day”	means a day (other than a Friday, Saturday or a Sunday) on which banks are open for business (other than solely for trading and settlement in euro) in London or Bahrain;
“Cable & Wireless Communications Licence”	means the licence in respect of the use of the Cable & Wireless Trademarks in certain territories granted by the joint venture company formed by Cable & Wireless Worldwide Group and the Group to Cable & Wireless Limited;
“Cable and Wireless Group”	means Cable and Wireless plc and its subsidiaries and subsidiary undertakings prior to the Demerger;
“Cable and Wireless Superannuation Fund”	means the Cable and Wireless plc Superannuation Fund, governed by a definitive trust deed and rules dated 27 October 2008, as amended;
“Cable & Wireless Trademarks”	means (a) the “Cable & Wireless” name and all abbreviations and derivations of the “Cable & Wireless” name whether registered or unregistered; and (b) in relation to the Group only, the “Cable & Wireless Globe” logo;

“ Cable & Wireless Worldwide Group ”	means Cable & Wireless Worldwide plc and its subsidiaries and subsidiary undertakings;
“ Carrier Business ”	means the business of wholesale selling of telecommunications services to other telecommunications carriers;
“ CIIM ”	means Channel Islands and Isle of Man;
“ CIS Licence and Services Agreement ”	means the licence and maintenance services agreement in the agreed form to be entered into at Completion by Cable & Wireless International HQ Limited, CWC Guernsey, Cable & Wireless Isle of Man Limited, Cable & Wireless Jersey Limited, CWS and Dhiraagu;
“ CMC ”	means Compagnie Monégasque de Communication S.A.M.;
“ CMC Companies ”	means CMC, Monaco Telecom, Monaco Telecom International S.A.M., Monaco Telecom Holdings (Cyprus) Limited, Telecom Development Company Afghanistan B.V., and Telecom Development Company Afghanistan Limited;
“ CMC Conditions ”	has the meaning given to it in paragraph 9 of Part V (Summary of the Principal Terms and Conditions of the Disposal Agreement) of this document;
“ CMC Disposal ”	means the sale and purchase of the CMC Majority Shares following exercise of the Monaco Option in accordance with the terms of the Disposal Agreement;
“ CMC Majority Shares ”	means shares representing 75% of the issued share capital of CMC;
“ CMC Minority Shares ”	means shares representing 25% of the issued share capital of CMC;
“ CMC Shares ”	means all the issued shares in the capital of Compagnie Monégasque de Communication S.A.M.;
“ Companies Act ”	means the Companies Act 2006;
“ Completion ”	means the completion of the Disposal in accordance with the terms of the Disposal Agreement;
“ Completion Date ”	means the fourth Business Day following the day on which the last in time of the conditions to Completion will have been satisfied or waived or such other date as the Seller and the Purchaser may agree, which is expected to be in March 2013;
“ Completion Shares ”	means the CWC Islands Shares, the CWC Holdco Shares and the CMC Minority Shares;
“ Controlled Companies ”	means each of Monaco Telecom, Monaco Telecom International S.A.M., Monaco Telecom Holdings (Cyprus) Limited, Cable & Wireless (Diego Garcia) Limited, Cable & Wireless South Atlantic Limited, CWC Jersey, CWC Guernsey, CWC Isle of Man, Dhiraagu, CWIG Limited, Cable & Wireless (Seychelles) Limited, Atlas (Seychelles) Limited and Le Chantier Property Limited and “ Controlled Company ” shall be construed accordingly;
“ CREST ”	means the system of paperless settlement of trades in securities and the holding of uncertificated securities operated by CRESTCo Limited in accordance with the Uncertificated Securities Regulations 2001 (SI 2001/3755);

“CREST Manual”	means the manual, as amended from time to time, produced by CRESTCo Limited describing the CREST system and supplied by CRESTCo Limited to users and participants thereof;
“CREST Proxy Instructions”	means the instruction whereby CREST members send a CREST message appointing a proxy for the meeting and instructing the proxy on how to vote;
“CWC” or “Company”	means Cable & Wireless Communications Plc with registered office at 3rd Floor, 26 Red Lion Square, London WC1R 4HQ;
“CWC Guernsey”	means Cable and Wireless Guernsey Limited with registered office at Telecoms House, Upland Road, St Peter Port, Guernsey GY1 3AB;
“CWC Holdco Shares”	means all the issued shares in the capital of CWC Holdco Limited;
“CWC Islands Shares”	means all the issued shares in the capital of CWC Islands Limited;
“CWC Isle of Man”	means Cable & Wireless Isle of Man Limited with registered office at PO Box 166, 4th Floor, One Circular Road, Douglas IM99 3NZ, Isle of Man;
“CWC Jersey”	means Cable & Wireless Jersey Limited with registered office at Richmond House, 8 David Place, St Helier, Jersey JE2 4TD;
“CWS”	means Cable & Wireless (Seychelles) Limited with registered office at Mercury House, Francis Rachel Street, Victoria, Mahe, Seychelles;
“Demerger”	means the demerger of the Cable & Wireless Worldwide Group from the former Cable and Wireless Group that was declared effective on 26 March 2010;
“Delayed Company”	has the meaning given to it in Section 4 of Part V (Summary of the Principal Terms and Conditions of the Disposal Agreement) of this document;
“Dhiraagu”	means Dhivehi Raajjeyge Gulhun Plc with registered office at 19 Medhuziyaaraiy Magu, Male’, P.O. Box 2082, Republic of Maldives, formerly known as Dhivehi Raajjeyge Gulhun Private Limited;
“Disposal”	means the sale and purchase of the CWC Islands Shares, the CWC Holdco Shares and the CMC Minority Shares in accordance with the terms of the Disposal Agreement;
“Disposal Agreement”	means the conditional share sale and purchase agreement dated 2 December 2012 between the Seller, the Seller Guarantor, the Purchaser and the Purchaser Guarantor, described in more detail in Part V (Summary of the Principal Terms and Conditions of the Disposal Agreement) of this document;
“Divona Transfer”	means the transfer by Monaco Telecom of its shares in Divona Algeria SPA;
“EBITDA”	means earnings before interest, tax, depreciation and amortisation, net other operating and non-operating income/(expense) and exceptional items;
“Employee Share Schemes”	means the Restricted Share Plan, the Share Option Plan and the Share Purchase Plan;

“Form of Proxy”	means the form of proxy accompanying this document for use by Shareholders in connection with the General Meeting;
“FSA”	means the Financial Services Authority of the United Kingdom;
“FSMA”	means the Financial Services and Markets Act 2000, as amended;
“General Meeting”	means the General Meeting of the Company convened by the notice which is set out at the end of this document to be held at the offices of Slaughter and May, One Bunhill Row, London EC1Y 8YY on 9 January 2013 at 11 a.m. or any reconvened meeting following any adjournment thereof;
“Group”	means the Retained Group and the Monaco & Islands Companies;
“IFRS”	means International Financial Reporting Standards as adopted by the European Union;
“Interim Report 2012”	means the Group’s unaudited condensed and consolidated interim financial statements for the six months ended 30 September 2012;
“J.P. Morgan Cazenove”	means J.P. Morgan Limited, which conducts its UK investment banking business as J.P. Morgan Cazenove, and whose registered office is at 25 Bank Street, London E14 5JP, United Kingdom;
“KPMG”	means KPMG Audit Plc;
“Listing Rules”	means the listing rules made by the FSA pursuant to FSMA governing, <i>inter alia</i> , admission of securities to the Official List of the FSA;
“London Stock Exchange”	means London Stock Exchange plc or any recognised investment exchange for the purposes of FSMA which may take over the functions of London Stock Exchange plc;
“Long Stop Date”	means 2 June 2013;
“MAE Condition Date”	means the earlier of the Long Stop Date (or, if Completion is postponed by the parties, the Long Stop Date so postponed) and the first date on which all the conditions to Completion (other than the MAE Condition) are satisfied or waived (as applicable) in accordance with the Disposal Agreement;
“Material Adverse Effect”	has the meaning given to it at paragraph 8 of Part V (Summary of the Principal Terms and Conditions of the Disposal Agreement) of this document;
“Material Positive Event”	means the occurrence of a fact, matter, event or circumstance specifically relating to, and affecting, the Group, which gives rise to a positive impact of US\$25,000,000 or more on the business, operations, turnover, profitability, assets, liabilities, financial condition or results of operations of the Group taken as a whole subject to certain exceptions pursuant to the Disposal Agreement;
“Monaco & Islands”	means the Monaco & Islands business unit of the Company conducted by the Monaco & Islands Companies;
“Monaco & Islands Companies”	means each of CWC Islands Limited, CWC Holdco Limited, CMC, Monaco Telecom, Monaco Telecom International S.A.M., Monaco Telecom Holdings (Cyprus) Limited, Cable & Wireless (Diego

Garcia) Limited, Cable & Wireless South Atlantic Limited, Cable & Wireless Jersey Limited, Cable and Wireless Guernsey Limited, Cable & Wireless Isle of Man Limited, Dhivehi Raajjeyge Gulhun Plc, CWIG Limited, Cable & Wireless (Seychelles) Limited, Atlas (Seychelles) Limited, Le Chantier Property Limited, Telecom Development Company Afghanistan B.V., Telecom Development Company Afghanistan Limited and Seychelles Cable Systems Limited;

“Monaco & Islands Disposal Companies”	means each of the Monaco & Islands Companies excluding each of the CMC Companies;
“Monaco Controlled Companies”	means each of Monaco Telecom, Monaco Telecom International S.A.M. and Monaco Telecom Holdings (Cyprus) Limited and “Monaco Controlled Company” shall be construed accordingly;
“Monaco Option”	means the put and call option arrangements between the Seller and the Purchaser in respect of the CMC Majority Shares, as described in paragraph 9 of Part V (Summary of the Principal Terms and Conditions of the Disposal Agreement) of this document;
“Monaco Telecom”	means Monaco Telecom S.A.M. with registered office at 25 boulevard de Suisse, 98000 Monaco;
“Non-Controlled Companies”	means Telecom Development Company Afghanistan B.V., Telecom Development Company Afghanistan Limited and Seychelles Cable System Limited and “Non-Controlled Company” shall be construed accordingly;
“Option Consideration”	has the meaning given to it in paragraph 9 of Part V (Summary of the Principal Terms and Conditions of the Disposal Agreement) of this document;
“Option Period”	has the meaning given to it in paragraph 9 of Part V (Summary of the Principal Terms and Conditions of the Disposal Agreement) of this document;
“Ordinary Shares”	means ordinary shares of US\$0.05 each in the capital of the Company;
“Performance Share Plan”	means the Cable & Wireless Communications Incentive Plan 2010 and the Cable & Wireless Communications 2011 Performance Share Plan;
“Purchaser”	means Batelco International Group Holding Limited with registered office at 13 Castle Street, St Helier, Jersey JE4 5UT;
“Purchaser Guarantor”	means Bahrain Telecommunications Company B.S.C. with registered office at PO Box 14, Manama, Kingdom of Bahrain;
“Registrar”	means Equiniti with registered office at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA;
“Resolution”	means the ordinary resolution as set out in the notice of General Meeting accompanying this document;
“Restricted Share Plan”	means the Cable & Wireless Communications Restricted Share Plan 2010;
“Retained Group”	means the Company and its subsidiaries and subsidiary undertakings (and, for the avoidance of doubt, excludes the Monaco & Islands Disposal Companies and, following the exercise and completion of the Monaco Option, the CMC Companies), being the continuing businesses of the Group following the Disposal and, in due course, the CMC Disposal;

“Roshan”	means Telecom Development Company Afghanistan Limited with registered office at House No: 297, Street No: 17, Vazir Akbar Khan, Kabul, Afghanistan;
“SADG”	Cable and Wireless South Atlantic Diego Garcia;
“Second Long Stop Date”	means 2 September 2013;
“Seller”	means Sable Holding Limited with registered office at 3rd Floor, 26 Red Lion Square, London WC1R 4HQ;
“Seller Guarantor”	means Cable & Wireless Limited with registered office at 3rd Floor, 26 Red Lion Square, London WC1R 4HQ;
“Seychelles Companies”	means Cable & Wireless (Seychelles) Limited and its subsidiaries;
“Shareholders”	means holders of Ordinary Shares;
“Share Option Plan”	means the Cable & Wireless Share Incentive Plan 2001;
“Share Purchase Plan”	means the all-employee Cable & Wireless Communications Share Purchase Plan;
“Superannuation Fund Trustee”	means Cable & Wireless Pension Trustee Limited, a trustee board which holds the assets of the Cable and Wireless Superannuation Fund;
“Tax Covenant”	means the Deed of Tax Covenant in the agreed form to be entered into at Completion by the Seller and the Purchaser;
“Transaction”	means the Disposal and the Monaco Option;
“UKLA”	means the UK Listing Authority; and
“US\$ LIBOR”	means the three-month U.S. dollar London Interbank Offered Rate, as disseminated by the British Bankers’ Association from time to time and reflected on the Reuters Page “LIBOR01”, calculated daily in arrear and based on a 365-day year.

In this document, references to “\$” and “US\$” are to U.S. dollars, the lawful currency of the United States of America.

Cable & Wireless Communications Plc

*(Incorporated in England and Wales
with registered number 07130199)*

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of Cable & Wireless Communications Plc (the “**Company**”) will be held at 11 a.m. on 9 January 2013 at the offices of Slaughter and May, One Bunhill Row, London EC1Y 8YY to consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:

Ordinary Resolution

THAT

the disposal by the Company of CWC Islands Limited, CWC Holdco Limited, Compagnie Monégasque de Communication S.A.M., Monaco Telecom S.A.M., Monaco Telecom International S.A.M., Monaco Telecom Holdings (Cyprus) Limited, Cable & Wireless (Diego Garcia) Limited, Cable & Wireless South Atlantic Limited, Cable & Wireless Jersey Limited, Cable and Wireless Guernsey Limited, Cable & Wireless Isle of Man Limited, Dhivehi Raajjeyge Gulhun Plc, CWIG Limited, Cable & Wireless (Seychelles) Limited, Atlas (Seychelles) Limited, Le Chantier Property Limited, Telecom Development Company Afghanistan B.V., Telecom Development Company Afghanistan Limited and Seychelles Cable Systems Limited, including the put and call option arrangements which have been put in place in respect of Compagnie Monégasque de Communication S.A.M., Monaco Telecom S.A.M., Monaco Telecom International S.A.M., Monaco Telecom Holdings (Cyprus) Limited, Telecom Development Company Afghanistan B.V. and Telecom Development Company Afghanistan Limited (the “**Transaction**”), as described in the circular to shareholders dated 19 December 2012 of which this notice forms part (the “**Circular**”) as a Class 1 transaction on the terms and subject to the conditions of a disposal agreement dated 2 December 2012 between the Sable Holding Limited, Cable & Wireless Limited, Batelco International Group Holding Limited and Bahrain Telecommunications Company B.S.C. is hereby approved for the purposes of Chapter 10 of the Listing Rules of the Financial Services Authority and that each and any of the directors of the Company be and are hereby authorised to conclude and implement the Transaction in accordance with such terms and conditions and to make such non-material modifications, variations, waivers and extensions of any of the terms of the Transaction and of any documents and arrangements connected with the Transaction as he thinks necessary or desirable.

Registered Office:
3rd Floor
26 Red Lion Square
London
WC1R 4HQ

By order of the Board

Clare Underwood
Company Secretary
19 December 2012

Schedule 1 to the Notice of General Meeting

Important information about the General Meeting

1. General

This is the formal notice to shareholders of the General Meeting and gives you information as to the date, time and place and the business to be considered at the meeting. If there is anything you do not understand, please talk to an appropriate professional adviser.

2. What to do if you have recently sold or transferred all your Cable & Wireless Communications Plc shares

Please send this document and the proxy form to the person who sold the shares for you. He/she can then send them to the new owner of the shares. To have the right to come and vote at the General Meeting, you must hold shares in the Company and your shareholding must be entered on the register of members by 6 p.m. on 7 January 2013.

3. What to do if you have recently acquired your CWC shares and have received this document from the transferor?

Please contact the Company's Registrar on 0871 384 2104 (from within the UK, calls to this number cost 8 pence per minute (including VAT) plus your service provider's network extras) or +44 (0)121 415 7052 (from outside the UK, calls to this number will be charged at applicable international rates) for voting instructions and a Form of Proxy.

Notes:

1. A member entitled to attend and vote at the General Meeting is entitled to appoint one or more proxies to attend, speak and vote on his/her behalf. Such proxy need not be a member of the Company. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 8 below) will not prevent a shareholder attending the General Meeting and voting in person if he/she wishes to do so.
2. To be valid, any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at the Company's registrars, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, no later than 11 a.m. on 7 January 2013.
3. To be entitled to vote at the General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of members at 6 p.m. on 7 January 2013 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting). Changes to entries on the register of members after 6 p.m. on 7 January 2013 shall be disregarded in determining the rights of any person to attend the General Meeting.
4. The total number of voting rights in the Company as at 17 December 2012 (being the latest practicable date prior to the publication of this Notice) is 2,528,122,854.
5. Any person who has sold or transferred his/her shares in the Company should pass this document and its enclosures to the person through whom the sale or transfer was effected for transmission to the purchaser or the transferee.
6. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she is nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statement of the rights of shareholders in relation to the appointment of proxies in paragraph 1 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
8. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available at www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by 11 a.m. on 7 January 2013. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
9. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by

means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

10. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
11. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
12. Any member attending the General Meeting has the right to ask questions. The Company must cause to be answered any such question in relation to the business being dealt with at the General Meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the meeting that the questions be answered. If you are unable to attend the General Meeting, but have a specific question you would like to ask, you are invited to write to the Chairman at the registered office address.
13. Except as provided above, members who have general queries about the General Meeting should contact the Company's registrars, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, on 0871 384 2104 from within the UK (or +44 (0)121 415 7052 if you are calling from outside the UK). Calls to the 0871 384 2104 number cost 8 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Calls may be recorded and randomly monitored. Please note that, for legal reasons, Equiniti will only be able to provide information in relation to the Disposal to the extent that it is contained in the Circular (and, in addition, information relating to the Company's register of Shareholders) and will be unable to give advice on the merits of the Resolution or to provide financial or investment advice.
14. Please note that you may not use any electronic address provided in either this notice of General Meeting or any related documents (including the Circular) to communicate with the Company for any purposes other than those expressly stated.
15. A copy of this notice, and other information required by section 311A of the Companies Act 2006, is available on the Company's website at www.cwc.com.

