Two businesses. One goal.

CABLE & WIRELESS

2008/09 Annual review &
summary financial statement

CWI
(formerly International)

We're transforming our business and delivering improving results.

To find out more go to:
> Page 06

WORLDWIDE
(FORMERLY EUROPE, ASIA & US)

OUR FOCUS ON GREAT CUSTOMER SERVICE IS CONTINUING TO DELIVER.

To find out more go to:
> Page 12

Definitions
EBITDA is defined as earnings before interest, tax, depreciation and amortisation, Long Term Incentive Plan (LTIP) charge and net other operating income and expense. Unless otherwise stated, EBITDA excludes exceptional items.

As the US dollar is the dominant currency for the CWI business, its results are reported in the CWI section in US dollars to give a better reflection of its underlying performance. The average US$:£ exchange rate for 2008/09 was 1.7581 compared to 2.0041 for 2007/08.

We have one goal – to create sustainable shareholder value. We've continued our progress this year – our two businesses have performed well and are growing in profitability.

delivering

£822m +36%
EBITDA

£422m +37%
Group profit before tax and exceptional items

8.50p +13%
Recommended full year dividend per share

Two businesses

Cable & Wireless is one of the world's leading telecommunications companies. We operate through two standalone businesses – CWI and Worldwide – with a small Central team as portfolio manager.

CWI > Page 06

CWI owns and operates **full service telecommunications** businesses through four regional operations in the Caribbean, Panama, Macau and Monaco & Islands.

At a glance

We are the leading telecommunications provider in the majority of our markets. We offer mobile, broadband and domestic and international fixed line services to homes, small and medium-sized enterprises, corporate customers and governments.

Mission and strategy

Our mission is to own and operate world class telecoms businesses through our four self-sustaining and profitable regional operations, with the added scale of a strong central owner.

We are focused on generating even more value from our operations through four levers – transformation; performance improvement; synergies and expertise; and growth.

Highlights of the year

- EBITDA up 11% to US$921 million
- An increasingly efficient business with improving gross margin and EBITDA margin
- 'One Caribbean' transformation programme delivering
- Panama mobile market share growing despite further competition
- Macau concession renewal agreed subject to the ratification process

WORLDWIDE > Page 12

WORLDWIDE IS A GLOBAL COMMUNICATIONS BUSINESS PROVIDING MISSION CRITICAL TELECOMS TO LARGE ORGANISATIONS.

At a glance

We specialise in providing high quality communication services such as IP, data, voice and hosting to the largest users of telecoms services. We provide connectivity to 153 countries. Our core markets are the UK, Asia, Middle East and Africa.

Mission and strategy

Our mission is to be the first choice for providing mission critical telecoms services to the largest organisations in our chosen markets.

We aim to deliver this strategy by specialising in large customers; delivering market-leading capability; giving the best customer service; and offering customers the best value.

Highlights of the year

- Acquisition and successful integration of Thus
- Increased share of the UK enterprise market to 19%
- EBITDA growth of 49% including Thus and 36% excluding Thus
- Positive trading cash flow, the first for many years
- More than 150 customers now using our Multi Service Platform

Chairman's review

Richard Lapthorne
Chairman

2008/09 has been a year in which Cable & Wireless has stood out from the pack. Amid difficult economic conditions we have achieved a healthy set of results.

The economic conditions and state of credit and equity markets over the past 12 months are unprecedented. I have seen several recessions, but none that has affected each region of the world simultaneously. In these situations, management quality becomes an even greater differentiator between companies than usual.

I am pleased to report that the management teams of both our businesses have performed well. Our Worldwide business has increased its EBITDA by 49% (36% from the underlying business before the Thus acquisition). It has moved into positive cash flow and is successfully executing the integration of Thus. CWI has also taken a substantial step forward in terms of profitability, producing double-digit growth in EBITDA. It is tackling the cost base of its Caribbean operation through its 'One Caribbean' programme and has grown its market-leading mobile position in Panama despite further competition. Both Worldwide and CWI have been prepared to take difficult decisions in these challenging times, ensuring that we continue to deliver for our shareholders. And so, I am delighted to recommend a 13% increase in our full year dividend to 8.50 pence per share.

Whilst our trading position is in good health, the current market volatility provides no basis for proper financial planning. Consequently, we have postponed, but not cancelled, our plans for value realisation until we can foresee a sustained period of normality returning to the markets.

Our Long Term Incentive Plan (LTIP) has been a key ingredient in our success over the last three years as the fifth best performer in the FTSE 100 and the second best performer in the FTSE Global Telecoms Sector Index. It has proven to be effective in motivating our senior management and aligning their interests with shareholders. The Board has recently proposed new executive incentive arrangements to ensure we retain our best managers and keep them focused on delivering for shareholders beyond 2009. Under these proposals, the LTIP will be extended by one year to 2011.

In these markets, corporate governance has also proved to be a key differentiator. The dislocation in credit and equity markets is bringing about a major rethink of corporate governance in Western markets. This is a process the Board of Cable & Wireless welcomes. Our Board has applied a rigorous system of governance for several years. In addition to reporting against the guidelines of the Combined Code for corporate governance, our Senior Independent Director also prepares a report describing the corporate governance and behaviours of the Board, something we believe adds significant transparency in our reporting to shareholders.

Finally, I would like to thank all of my fellow Board Directors for their service this year and, most importantly, extend my congratulations to all employees. Their work has delivered for our shareholders, of which they should all feel proud.

Healthy performance, strong governance.

We are delivering

Our profitability is growing
EBITDA up 36% to £822 million

We are delivering for our shareholders
Fifth best performer in the FTSE 100 over the last three years

Our dividend is increasing
Recommended full year dividend of 8.50 pence per share, up 13%

Group Finance Director's review

Tim Pennington
Group Finance Director

We have made significant improvements in our financial performance over the last few years and this year, despite the economic environment, has been no exception.

During the year, revenue increased from £3,152 million to £3,646 million, pre-exceptional EBITDA from £605 million to £822 million and profit before exceptional items and income tax was up 37% to £422 million.

Three factors have had an impact on our results. Firstly, we acquired Thus, adding £248 million (£237 million after eliminations) to revenue and £29 million to EBITDA whilst adding a new dimension to our Worldwide business. Secondly, we benefited from the unprecedented volatility in currencies during the year, with foreign currency translation increasing CWI revenue by £150 million and EBITDA by £50 million.

Thirdly, our performance continues to improve. Our underlying revenue grew by £107 million during the year. Underlying gross margin increased due to rising sales, improving product mix and from programmes to reduce cost of sales. Our focus on reducing our cost base in both businesses has been very successful with £55 million taken out of our operating costs in the year. Worldwide's underlying operating costs decreased by £36 million from further efficiencies and CWI reduced their operating costs by £19 million as the 'One Caribbean' transformation programme started to kick in.

Group EBITDA before exceptional items increased by £217 million (36%) to £822 million in the year. There was a £138 million increase due to improved performance in Worldwide (£78 million) and CWI (£60 million), £50 million from the beneficial effect of foreign currency translation in CWI and £29 million from the acquisition of Thus. Our pre-exceptional EBITDA margin has increased by four percentage points to 23%.

The Group had a trading cash inflow of £207 million. After taking into account the acquisition of Thus, the payment of dividends to shareholders and currency effects, the Group moved from a net cash position of £243 million to a net debt position of £377 million. Nevertheless, our liquidity and balance sheet remain strong.

During the year, we worked with our pension fund Trustees to successfully complete a buy-in of the pensioner element of our main UK pension scheme with Prudential Insurance. This buy-in effectively removed the risks relating to the UK pensioner element of the scheme, representing approximately half of the scheme's liabilities.

Our pre-exceptional earnings per share increased from 7.9 pence to 13.0 pence as a result of the improved performance of the business and the factors outlined above. Post-exceptional earnings per share decreased from 6.8 pence to 5.8 pence as performance was offset by exceptional restructuring costs together with the mark to market effect of forward foreign exchange contracts.

The Board is proposing a final dividend of 5.67 pence per share, which together with the interim dividend of 2.83 pence per share, represents a 13% increase on the 2007/08 full year dividend.

At a time when the economic environment is challenging, our performance has continued to improve.

CWI

We own and operate **full service telecommunications** businesses through four regional operations:

1. Caribbean
2. Panama
3. Macau
4. Monaco & Islands

Chief Executive's review

Tony Rice
Chief Executive
CWI

Cable & Wireless International, now rebadged as CWI Group, enters the new financial year as a business in strong shape with a clear vision for the future.

Over the past eighteen months we have arranged CWI into four distinct regional operations – Caribbean, Panama, Macau and Monaco & Islands. This structure has enabled us to empower the local management teams, with the centre acting as a portfolio manager focused on delivering the best value for our shareholders. Each business has developed a strategy tailored to its local marketplace and from the centre we aim to provide the businesses with the tools and support they need to achieve their goals. I am very pleased to report all four operations have embraced this approach. This is evident in our results, with an 11% increase in EBITDA, 13% in constant currency terms.

In the Caribbean, the progress we have made since launching our 'One Caribbean' transformation programme is gratifying. In bringing 13 individual businesses together under one management structure, the programme has delivered reductions in operating costs and complexity as well as, more recently, service improvements. Over the coming year, the programme is focused on further performance improvements.

Cable & Wireless Panama has maintained its leading market position and grown revenue and profits despite the entry of two new mobile competitors. This is testament to how well prepared we were for the new entrants – we will continue to be as vigilant as the new financial year progresses.

In Macau, a slowdown in the local economy due to the restriction in tourist visitors from China and continuing competition has not prevented CTM from once again delivering good margins. I am delighted that we have agreed an extension of our concession agreement, subject to ratification.

And finally, across the diverse portfolio of our Monaco & Islands operation, we have seen strong local financial performance, particularly from Monaco domestic and Seychelles, as the regional management team has got to grips with the intricacies of a diverse geographic portfolio.

All four regional operations are also responding to my challenge of identifying and planning future growth opportunities. While the current economic climate poses issues to all marketplaces in some way, the opportunities in each of our businesses significantly outweigh these challenges. Each business is examining initiatives to reduce costs further and extend their existing services and products. A recent example has been the mobile broadband service developed by our Macau business, successfully exploiting our 3G network in the territory.

In all, as the new Chief Executive of CWI, I am pleased to be leading a business in strong shape into the new financial year.

A business in **strong** shape

+13%

EBITDA at constant currency

911 emergency services launched in Panama

In February 2009, our team in Panama completed a US$28 million project to develop the platform for the first 911 emergency services call centre in Panama.

In partnership with MER Security and Communications Systems, Cable & Wireless Panama won the bid for the project against four other international companies and developed the entire system in just five months.

Cable & Wireless Panama has a long history of supporting medical services in Panama, including the Telemedicine service launched in 2007/08.

In 2008/09 this contract helped to grow Cable & Wireless Panama's enterprise services revenue to US$125 million from US$96 million in the prior year.

Our mission... world class telecoms businesses

CWI's mission is to own and operate world class telecoms businesses.

What we do

CWI (formerly International) owns and operates full service telecommunications businesses providing mobile, broadband and domestic and international fixed line services to homes, small and medium-sized enterprises, corporate customers and government.

The business is managed as four regional operations – Caribbean, Panama, Macau and Monaco & Islands – each of which is self-sustaining, profitable and cash-generative in its own right.

Caribbean

Our Caribbean operation covers 13 countries – we are the market leader in fixed line and broadband in all 13 markets and the leading mobile operator in nine.

In 2008 we launched our 'One Caribbean' transformation programme, bringing together our 13 Caribbean subsidiaries under one management structure with a new common brand, LIME (Landline, Internet, Mobile, Entertainment). LIME is the only full service telecommunications provider in the Caribbean.

Panama
Our Panama operation is the standout telecoms provider in its market. Our mobile market leadership position has grown over the past year, despite the introduction of further competition. We are the market leader in fixed line and broadband. We are also leading in the enterprise telecom sector, serving Government and major companies as well as developing a regional proposition in carrier services, helping to make Panama a hub of telecoms in the Latin American region.

Macau
CTM, our operation in Macau, delivers the full suite of telecoms services, including the exclusive provision of broadband and domestic fixed line services. In a highly competitive mobile market, we have the leading market share and have recently launched a 3G mobile network. We have just agreed a renewal of CTM's concession agreement with the Macau Government, subject to ratification.

Monaco & Islands
Our Monaco & Islands operation has four distinct clusters – Monaco Telecom (MT); Channel Islands, Isle of Man & Bermuda (CIIMB); Indian Ocean including the Seychelles and Maldives; and South Atlantic & Diego Garcia. The operation includes businesses in 22 markets at varying stages of development.

Our growth drivers
We are well positioned to take advantage of a number of key growth trends across our markets and product segments.

Mobile We benefit from the development of mobile technology and the increased mobile usage and network traffic this generates. Devices such as the BlackBerry and iPhone are driving usage of new mobile broadband and mobile software applications.

Broadband Broadband penetration in some of our markets is still relatively low and is expected to grow in the coming years as access to computers and mobile broadband services increase. As the primary broadband and mobile provider we will benefit as this demand grows.

Our competitive position
CWI is a strong competitor in all of our markets. We are the market leader in 20 of the 26 markets in which we offer mobile services, 27 of the 34 markets in which we offer broadband and 25 of the 34 in which we offer fixed line services.

Our competitors tend to be local or regional in nature. Unlike these competitors, we are able to bring our global scale and experience to bear in these markets.

38%
EBITDA margin in 2008/09

Our strategy and objectives
Our strategy is to have four separate, self-sustaining operations, with a strong head office to drive outstanding performance. We will drive value from the four operations through:

Transformation Transformation programmes to ensure each individual business is a fully competitive enterprise.

Performance improvement Measures to meet the twin goals of increasing revenue and reducing costs.

Synergies and expertise Seeking synergies between the businesses and opportunities to share knowledge and expertise.

Growth Developing organic growth opportunities.

Each lever will apply differently to each business reflecting the different stages they are at in their journey to becoming world class telecoms businesses.

Our strategy is clear and we're delivering

13%

growth in EBITDA at constant currency

CWI income statement

	2008/09 US$m	2007/08 US$m	Change[1] %	Constant currency change[1,2] %
Caribbean	**975**	1,021	(5)	(3)
Panama	**667**	617	8	8
Macau	**302**	291	4	4
Monaco & Islands[3]	**506**	526	(4)	–
Other[4]	**(3)**	7	nm	nm
Total revenue	**2,447**	2,462	(1)	1
Cost of sales	**(791)**	(847)	7	5
Gross margin	**1,656**	1,615	3	4
Operating costs (excluding LTIP charge)	**(735)**	(785)	6	4
EBITDA[5]	**921**	830	11	13
LTIP charge	**–**	(16)	nm	nm
Depreciation and amortisation	**(294)**	(284)	(4)	(5)
Net other operating (expense)/income	**(3)**	3	nm	nm
Share of profit after tax of joint ventures	**60**	77	(22)	(20)
Exceptional items	**(87)**	(101)	14	7
Total operating profit	**597**	509	17	17

nm represents % change not meaningful.
1 Positive percentages represent improvement.
2 Constant currency change is based on the restatement of comparatives at 2008/09 average exchange rates.
3 Islands comprises operations in Bermuda, the Channel Islands, Isle of Man and the Indian, Atlantic and Pacific Oceans.
4 Other includes intra CWI revenue adjustments and the release of centrally held accruals.
5 Earnings before interest, tax, depreciation and amortisation, LTIP charge, net other operating income and exceptional items.

Our EBITDA increased to US$921 million with EBITDA growth in all four operations. To aid understanding of the trading performance, the commentary focuses on changes at constant currency.

Caribbean Our Caribbean operation delivered EBITDA growth of 16% to US$337 million led by the significant progress of our 'One Caribbean' transformation programme. Revenue decreased by 3% to US$975 million in 2008/09 due to lower traffic reflecting a softening of demand and lower tourist numbers.

We reduced our operating costs by 7% as a result of our 'One Caribbean' programme, including savings generated from a pan-Caribbean advertising

One Caribbean – 13 islands, one business

LIME

In September 2008, we launched our 'One Caribbean' transformation programme bringing together 13 separate businesses into one, with pan-Caribbean customer propositions and a single set of results. We have rebranded this new business as LIME (Landline, Internet, Mobile, Entertainment). Our initiatives are focused on improving our cost, efficiency and customer service levels.

and marketing approach and a reduction in headcount. Our aim is to reduce headcount to 2,500 by March 2010. The EBITDA increase of 16% to US$337 million represents a six percentage point increase in EBITDA margin to 35%.

Panama Our operation in Panama has continued to perform strongly with EBITDA up 9% as we grew our mobile market share in an expanding market, despite increased levels of competition. According to the IMF World Economic Outlook published in April 2009, Panama's gross domestic product is expected to grow by 3% in 2009, despite the global recession.

Revenue grew by 8% to US$667 million driven by mobile and enterprise services. Mobile revenue increased following the addition of nearly 700,000 customers in the year reflecting our superior customer service and enhanced product offerings. EBITDA grew to US$276 million in 2008/09 and our EBITDA margin was maintained at 41%.

Macau CTM, our business in Macau, has continued to perform strongly with EBITDA up 12% to US$139 million, largely driven by improving product mix, particularly mobile. We have agreed an extension of our concession agreement with the government which is now going through the ratification process.

Revenue increased by 4% to US$302 million, despite the economy slowing due to the restriction in visitor numbers to the region. Our gross margin increased by 8% largely driven by the increased demand for our mobile data and value added services. EBITDA at US$139 million represents 46% of revenue compared with 43% in 2007/08.

US$ 382m

trading cash inflow

Monaco & Islands EBITDA in our Monaco & Islands portfolio increased by 5% as the businesses increased their focus on improving margins. Revenue was stable at US$506 million in 2008/09 as the growth in mobile and broadband revenue was offset by a decline in international voice and enterprise, data and other revenue.

EBITDA increased to US$137 million with the EBITDA margin progressing by one percentage point to 27%.

Exceptional items

We incurred net exceptional charges of US$87 million in 2008/09, comprising US$101 million of restructuring costs, partially offset by a US$14 million credit primarily from the restructuring of the Jamaican retirement funds.

Capital expenditure

Capital expenditure was US$337 million, a 9% reduction from 2007/08. Our investment is focused on supporting our transformation activities, including investments in our IT systems to ensure that our cost and headcount efficiency programmes are sustainable. We also continued to upgrade and expand our networks to enable improved mobile, broadband and enterprise services.

Cash flow

We generated a trading cash inflow of US$382 million in 2008/09.

WORLDWIDE

WORLDWIDE PROVIDES GREAT CUSTOMER SERVICE AND TAILORED SOLUTIONS TO MANY OF THE WORLD'S LARGEST ORGANISATIONS

Executive Chairman's review

John Pluthero
Executive Chairman
Worldwide

We've come a long way in the last three years. We've reached the point where we're providing mission critical telecoms for many of the world's largest organisations.

Back in November 2005, when Cable & Wireless acquired Energis, nobody could have predicted the conditions we find in today's marketplace: a global downturn, a new competitive landscape and customers looking to us as the industry's safe pair of hands.

Yet this is where we are, and we're well positioned to take advantage of the opportunities that these conditions present. We've now completed the bulk of our turnaround and are a far fitter, leaner and more competitive business as a result. We now have market-leading capability – our Multi Service Platform is live and being used by more than 150 customers – whilst our fixed mobile convergence product gives our customers a powerful new telecoms solution with the potential to help drive down their costs.

We're expanding in key areas around the globe in response to customer demand, which is why we've changed our name to Worldwide – it better reflects both our reach and our aspirations. And our acquisition of Thus during the year has given us additional scale in the UK enterprise market and significant cost saving opportunities from the integration.

All of our work has delivered EBITDA growth in 2008/09 of £107 million to £326 million, of which £29 million is from Thus. Our EBITDA margin continues to expand and now stands at 14%, up at least two percentage points in each of the last four half years. And we shouldn't forget that we have achieved a full year of positive trading cash flow, despite the cost of integrating Thus – the first for many years.

However, none of our success means we're immune to the current economic environment. During the coming year our attention will be on discipline, prudence and controlling our costs – something we've had a lot of practice at over the last three years. Some of our customers are having to resize their aspirations, and when they feel pain, so do we. But with the plans that we have in place – a firm hand on costs and a business model our customers love – I know we're far better placed than many to weather the current economic climate.

My aim for the future of this business is clear – we're going to be the first choice for providing mission critical telecoms to the world's largest businesses.

Finally, I must thank our colleagues. Their dedication, talent and commitment is what drives us forward. Their ingenuity and innovation allow us to offer new capability, and their knowledge and foresight keep us ahead of the competition around the world. Three years of delivery have restored their ambition and belief in our business, and that's an asset that will provide a handsome return in the years to come.

WE'VE COME A LONG WAY IN THE LAST THREE YEARS... AND THERE'S MORE TO GO FOR

GREAT SERVICE, TAILORED SOLUTIONS

WORLDWIDE IS A GLOBAL COMMUNICATIONS BUSINESS THAT PROVIDES MISSION CRITICAL TELECOMS TO MANY OF THE WORLD'S LARGEST ORGANISATIONS.

What we do
Worldwide (formerly Europe, Asia & US) specialises in providing high quality communications services such as IP, data, voice and hosting to large enterprise and global carrier customers. This focus allows us to tailor our services to their needs. We operate around the globe, providing connectivity in 153 countries. Our core markets are the UK, Asia, Middle East and Africa.

While many of the economies we operate in have been slowing recently, our leading indicators remain healthy – we have a high proportion of long term contracted revenue, a powerful product portfolio and a large market to shoot for.

Many of our customers are household names such as Adidas, Aviva, the BBC and Tesco. Our acquisition of Thus in October 2008 gave us even greater scale with a number of new enterprise and Government customers including Scottish Power and HSBC.

Our Multi Service Platform (MSP) is at the core of many of our customer solutions. It's a highly advanced IP based network supporting more than 150 customers. Our MSP has been designed to work with bandwidth-hungry, business critical applications, allowing customers to replace old networks with a flexible and scalable solution, which also takes cost out of their business.

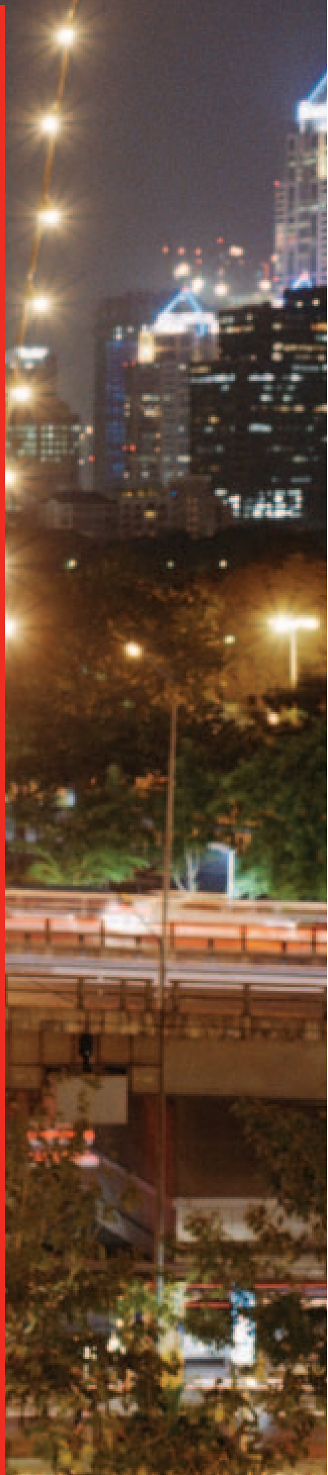
Our capability also includes the only operational GSM-based fixed mobile convergence (FMC) solution in the UK. FMC allows mobile calls made at work to be routed through the data network, rather than a mobile network. Customers receive one bill, keep their existing handsets and reduce their mobile costs.

THUS ACQUISITION

ACCELERATING OUR STRATEGY

The purchase of Thus in October 2008 was a way of accelerating our strategy by acquiring a significant number of large enterprise customers.

It will also produce significant savings through greater integration of the two businesses.



Our growth drivers

Consistently great customer service

Great service is at the heart of everything we do. Customers want, and we can deliver, faster lead times, consistent delivery and quicker fault fixes. We have made a lot of improvements in the last three years and our customers tell us they like what they see, but we know our customers are looking for more. We are now re-engineering the way we deliver new orders to give us a better, more scalable process.

Customer-driven global growth

In the current economic environment, many customers are looking to emerging markets for their future successes. Our capability in many of these markets across Asia, particularly in India, is perfectly placed to help them do this.

Capability that solves customers' business issues

Our innovative capability will continue to attract new customers and win more business from existing ones. Our FMC proposition is unique to the UK market and gives us access to a £500 million corporate mobile market. Many of our solutions help customers reduce costs, such as our managed video conferencing product which paves the way for less business travel.

Our competitive position

We operate both in the UK and across the globe. Internationally, we compete against the domestic telecoms incumbent in each country, as well as global competitors. In the UK, whilst there are a number of competitors, the choice for large customers often comes down to us or BT.

We continue to be well placed in our chosen markets. Our specialisation gives us a focus that our competitors, who serve multiple customer segments, cannot match. Finally, our ability to supply connectivity in 153 countries and our MSP IP-based network gives us a competitive advantage over many of our rivals.

Our strategy and objectives

We aim to become the world's first customer-defined communications services business by:

Specialising in large customers

Our focus on large enterprise and carrier customers means we have knowledge and experience of our customers that few can match.

Delivering market-leading capability

Our capability is customer, rather than technology, led. It's designed to help our customers solve their business issues and make sure they can succeed.

Giving the best customer service

Customer service is our number one priority and we're continuing to develop a service-focused culture throughout our business.

Offering customers best value

We're creating a proposition that's valued by our customers and economic for us. Our aim is to give our customers the choice between great service and everyone else.

CAPITALISING ON OUR TURNAROUND SUCCESS

49%
EBITDA GROWTH INCLUDING THUS

Worldwide income statement

	2008/09 £m	2007/08 £m	Change[1] %	Change (excluding Thus)[1] %
IP, data and hosting	**987**	774	28	17
Traditional voice	**1,121**	1,071	5	(2)
Legacy products	**81**	96	(16)	(18)
Total Worldwide enterprise revenue	**2,189**	1,941	13	5
Mid market	**79**	–	nm	nm
Total revenue	**2,268**	1,941	17	5
Cost of sales	**(1,323)**	(1,138)	(16)	(4)
Gross margin	**945**	803	18	5
Operating costs (excluding LTIP charge)	**(619)**	(584)	(6)	6
EBITDA[2]	**326**	219	49	36
LTIP charge	**(17)**	(19)	11	11
Depreciation and amortisation	**(212)**	(157)	(35)	(23)
Net other operating income	**–**	2	nm	nm
Share of loss after tax of joint ventures	**–**	(1)	nm	nm
Exceptional items	**(76)**	13	nm	nm
Total operating profit	**21**	57	(63)	(39)

nm represents % change not meaningful.
1 Positive percentages represent improvement.
2 Earnings before interest, tax, depreciation and amortisation, LTIP charge, net other operating income and exceptional items.

All of our hard work has delivered EBITDA growth in 2008/09 of £107 million to £326 million, of which £29 million is from Thus.

We grew our revenue in 2008/09 by 17% to £2,268 million compared with 2007/08. This increase comprises £90 million of revenue growth and £237 million from Thus (after £11 million of eliminations).

IP, data and hosting grew by £213 million to £987 million in 2008/09. Our strategic product set of IP, data and hosting now represents 45% of our total enterprise revenue. Our Multi Service Platform (MSP) is now used by over 150 customers and extends well beyond the UK having been launched in the Middle East, India, the Far East and North America.

Traditional voice revenue increased by £50 million to £1,121 million. Excluding revenue from Thus, traditional voice revenue fell by £25 million.

Revenue from our legacy products declined by £15 million to £81 million.

Gross margin increased by £142 million in 2008/09 to £945 million, comprised of £42 million of growth and £100 million from Thus. Excluding Thus, the increase of £42 million is due to revenue growth, continued improvement in product mix and reducing cost of sales.

Gross margin as a percentage of revenue increased to 42% from 41% reflecting a growing proportion of higher margin IP, data and hosting revenue.

Operating costs in 2008/09 increased by £35 million to £619 million. The increase comprises £71 million from Thus, partially offset by a £36 million reduction in costs including the renegotiation of network maintenance contracts and rationalisation of our network.

EBITDA before exceptionals increased by £107 million to £326 million in 2008/09. The increase comprises £78 million from improved performance and £29 million from Thus (including £8 million of integration synergies).

During the year, our EBITDA margin improved by three percentage points to 14% compared with 2007/08. Excluding Thus, EBITDA margin rose by four percentage points to 15%.

Net exceptional charges in 2008/09 were £76 million, including Thus integration costs of £30 million. The remaining £46 million relates to redundancies, property rationalisation and other transformation costs as we continue to restructure the Worldwide business.

Capital expenditure

Capital expenditure of £265 million is £44 million higher than 2007/08. Excluding Thus, capital expenditure was £241 million and represents 12% of revenue. Capital expenditure related to customer specific contracts was 44% of total capital expenditure, reflecting our recent success in winning IP, data and hosting contracts.

Cash flow

We generated a trading cash inflow of £13 million in 2008/09 – excluding Thus, our trading cash inflow was £35 million. After the £330 million expenditure to acquire Thus and an £8 million outflow in respect of the pension buy-in for the main UK defined benefit scheme, we had a net cash outflow before financing of £326 million.

Corporate responsibility

CWI

This report describes our four corporate responsibility principles and highlights just a few examples of how these principles were implemented locally in 2008/09.

1 Contribute positively to the social and economic development of the communities in which we operate

Health In 2008/09 our Panama operation contributed specialized telemedicine equipment for use by neonatal units at hospitals in the interior of Panama. Telemedicine uses telecommunication networks to transfer medical information and to examine patients remote from the main hospital.

Sport Continuing our three year sponsorship, LIME has given almost J$7 million to the Inter-schools Secondary Schools Association Athletic Championships.

2 Seek continuous improvement in our environmental performance

Alternative energy During the year, we've conducted further alternative energy studies in the Caribbean and identified suitable sites for wind turbines which will help us work towards reducing our power consumption.

Recycling In the Caribbean we've introduced targets to reduce paper wastage by 15% and improve our recycling volumes each year.

Reducing travel We have a programme underway to look at the travel patterns of our employees across CWI.

The paperless office In Macau we are extending our paperless office programme, providing customers with direct access to their accounts.

3 Respect cultures, values and human rights throughout our operations

Integrity award In 2008 we received 'The Hong Kong and Macau Merchants of Integrity Award' for the ongoing charitable work of our Macau business.

Internet safety Cable & Wireless Panama Foundation, ASSA, Microsoft and the Ricky Martin Foundation launched a 'Surf the web safely' campaign in Panama in October 2008.

Membership of the UN Global Compact Earlier this year our Panama office joined the Board of Directors of the UN Global Compact.

4 Nurture best practice in our activities

Colleague engagement Our annual Gallup poll of all CWI employees has shown substantial improvement, with increasing colleague engagement.

Supply chain resilience In 2007/08, we introduced a comprehensive supply chain audit process of our Tier One and Tier Two suppliers using international standards. More recently, we have introduced a risk assessment process of our strategic suppliers.

RIDDOR Under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations the total for colleagues taking three days off for minor work related injuries was 19. There were no serious injuries or fatalities.

Our CWI corporate responsibility activities generally take place at a local level, based on the needs of our individual markets.

Worldwide

This year we have continued to invest in a range of sustainable business programmes directed by our four principles introduced last year. Our key activities are described below.

1 Seek continual improvement of our environmental performance

Major energy efficiency programmes Our ongoing programme to introduce more energy efficient equipment into our operating infrastructure should yield energy savings of 23 million kWh by 2009/10.

Reuse and recycling Last year we introduced a new process to assess all recovered equipment for reuse or resale through an approved partner. In calendar year 2008 we recycled or reused 384 tonnes of office waste which equates to about 15% of our total 2,600 tonnes of office waste.

2 Facilitate and encourage responsible and innovative product and service design

Increasingly customers want to reduce their costs as well as their carbon emissions. Our high definition video conferencing services are a very effective way to communicate without travelling, lowering both cost and emissions.

3 Contribute to the positive social and economic development of the communities in which we operate

Community support Children in Need is a regular event for us, when we provide not only our telephone services but also volunteers to man the phones throughout the event.

We continue to support Télécoms Sans Frontières, a partnership now in its seventh year. And this is our third year working with Christel House, a learning centre for underprivileged children in Bangalore, India.

Internet safety Our contribution to the Get Safe Online programme supports a UK Government initiative promoting online safety awareness to children and their parents.

4 Uphold fundamental human rights and respect cultures, customs and values in dealing with colleagues and others who are affected by our activities

Suppliers Sustainable procurement is now integral to our supplier tendering process and our procurement policy has been updated to reflect this.

Education This year we launched our Advanced Apprenticeship scheme and were pleased with the high level of skills demonstrated by applicants for this two year course. In 2008/09, 90% of colleagues accessed our award-winning e-learning facility.

RIDDOR Under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations we can report a figure of zero for calendar year 2008.

Worldwide reused or recycled 384 tonnes of office waste in 2008.

Board of Directors

Richard Lapthorne[N]
Chairman of Cable and Wireless plc

Richard Lapthorne was appointed as Group Chairman in January 2003. From 1999 to May 2003 Richard was Chairman of Amersham plc (now GE Healthcare) having joined its Board as a Non-executive Director in 1988. He was Finance Director of British Aerospace plc from July 1992 and Vice Chairman from April 1998 until his retirement in 1999. Richard is a Non-executive Director of Calibre Audio Library, Tommy's The Baby Charity and is HM The Queen's Trustee at The Royal Botanic Gardens, Kew. He was Non-executive Chairman of New Look Group and Morse plc until November 2007 and February 2008 respectively. On 1 June 2009, Richard will be appointed as Non-executive Chairman of the McLaren Group and Non-executive Director of McLaren Automotive.

John Pluthero
Executive Chairman, Worldwide

John Pluthero was appointed as Executive Chairman of Worldwide in April 2006 having previously been Executive Director of that business. During the period from 12 November 2007 to 11 November 2008, John was also Executive Chairman of CWI prior to the appointment of a Chief Executive. From September 2002 until its acquisition by Cable and Wireless plc in November 2005, John was Chief Executive of the Energis Group. He was founder and CEO of Freeserve (now part of Orange UK), leading it to its flotation, and prior to this, John held various strategy and operations positions within the Dixons Group. John is a Director of Merville Ltd.

Tony Rice
Chief Executive, CWI

Tony Rice was appointed as Chief Executive, CWI on 11 November 2008, moving from his role as Group Finance Director, a position he held from March 2006, having been a Non-executive Director since January 2003. Tony was Chief Executive of Tunstall Holdings Ltd from March 2002 until its sale in September 2005 and he continued as a Non-executive Director of that company .until April 2008. Tony was previously Group Treasurer and then Group MD, Commercial Aircraft of British Aerospace plc. Tony is a Non-executive Director of Punch Taverns plc and was appointed as Chairman of Alexander Mann Solutions on 28 July 2008. He was a Trustee of Help the Aged until 1 April 2009.

Simon Ball[AR]
Non-executive Director

Simon Ball was appointed a Non-executive Director in May 2006 and is a member of the Audit and Remuneration Committees. On 11 November 2008, Simon became an Investor Director on the Worldwide and CWI Operating Boards. Simon was Group Finance Director for 3i Group plc until November 2008 having served on its main Board since April 2005. In this capacity, he was a member of the Management and Investment Committees, responsible for financial management and coordinating strategic direction. Prior to this, Simon held a series of senior finance and operational roles at Dresdner Kleinwort Benson, served as Group Finance Director for the Robert Fleming Group and was Director General, Finance for the Department for Constitutional Affairs.

John Barton[AR]
Non-executive Director

John Barton was appointed a Non-executive Director on 9 March 2009 and is a member of the Audit and Remuneration Committees. John has been Chairman of Next PLC since 2006 having joined their Board in 2002 and was Deputy Chairman from 2004. He is also the Chairman of Brit Insurance Holdings plc and a Non-executive Director of WH Smith plc. John was formerly the Chief Executive of JIB Group plc and Chairman of Jardine Lloyd Thompson Group plc and Wellington Underwriting plc.

Clive Butler[ANR]
Senior Independent Director; Chairman of the Nominations Committee

Clive Butler was appointed a Non-executive Director in May 2005 and is the nominated Senior Independent Director. Clive is Chairman of the Nominations Committee and a member of the Audit and Remuneration Committees. Clive was Corporate Development Director at Unilever plc, serving on its main board from 1992 until his retirement in 2005. He also undertook the roles of Personnel Director and Category Director for the Home and Personal Care division having worked in a variety of marketing and general management roles since joining Unilever in 1970.

Tim Pennington

Group Finance Director and Chief Financial Officer, CWI

Tim Pennington was appointed as Group Finance Director on 11 November 2008 having joined CWI as Chief Financial Officer on 23 September 2008. Previously, Tim was CFO and an Executive Director of Hutchison Telecommunications International Ltd, the Hong Kong based global telecoms group. During this time he managed that company's successful dual listing on the Hong Kong and New York Stock Exchanges. Tim was also Finance Director of Hutchison 3G (UK) (Hutchison Whampoa's UK mobile business) and has corporate finance experience with HSBC Investment Bank and Samuel Montagu & Co.

George Battersby

Executive Director, Human Resources

George Battersby was appointed as Executive Director, Human Resources in July 2004. Prior to joining Cable and Wireless plc, George was an Executive Director of Amersham plc (now GE Healthcare) responsible for human resources, pensions, health and safety and environment. Previously he held senior HR positions in a number of FTSE 100 companies, including Group HR Director appointments at Laporte plc and Fisons plc. George is a Non-executive Director and Chairman of the Remuneration Committee at Hogg Robinson Group plc and was appointed to the Board of Ofsted on 4 June 2008. He was previously Senior Independent Director and Remuneration Committee Chairman of SHL plc.

Kate Nealon [ANR]

Non-executive Director;
Chair of the Remuneration Committee

Kate Nealon was appointed a Non-executive Director in January 2005 and is Chair of the Remuneration Committee. She is also a member of the Audit and Nominations Committees. Kate was Group Head of Legal and Compliance at Standard Chartered plc until 2004 having previously practised international banking and regulatory law in New York. Kate is a Non-executive Director of Shire plc, a senior associate of the Judge Business School at Cambridge University and a member of the Advisory Council of the Institute of Business Ethics. She was also a Non-executive Director of HBOS plc until 16 January 2009.

Kasper Rorsted [ANR]

Non-executive Director;
Chairman of the Audit Committee

Kasper Rorsted was appointed a Non-executive Director in May 2003 and is Chairman of the Audit Committee. He is also a member of the Nominations and Remuneration Committees. Kasper is CEO of Henkel KGaA, Germany. Prior to joining Henkel in April 2005, Kasper was Senior Vice President and General Manager, EMEA for Hewlett Packard and held various senior management positions with Compaq. Kasper was appointed as a Non-executive Director of Danfoss A/S, Denmark on 24 April 2009 and was a Non-executive Director of Ecolab, Inc. USA until July 2008.

[A] Denotes membership of Audit Committee
[N] Denotes membership of Nominations Committee
[R] Denotes membership of Remuneration Committee

Summary financial statement and independent auditor's statement

This summary financial statement is a summary of information contained in the Group's Annual Report on which the Group's auditor expressed an unqualified opinion.

The auditor's report did not include any statement under sections 237(2) or 237(3) of the Companies Act 1985. The summary financial statement does not contain sufficient information to allow as full an understanding of the results of the Group and state of affairs of the Company or of the Group, and of their policies and arrangements concerning Directors' remuneration, as would be provided by the full Annual Report. For further information the full Annual Report should be consulted. Requests to receive, free of charge, copies of the full 2008/09 Annual Report (and elections to receive the full Annual Report in place of the Annual Review for all future years) should be sent to the Company's Registrar whose address is shown on page 29. Alternatively, the Annual Report is available at www.cw.com.

Information relating to a review of the activities of the Group and its subsidiaries and future developments in the business is given in the Chairman's statement, the Group Finance Director's review, the CWI section and the Worldwide section on pages 4 to 17 inclusive.

The Directors of Cable and Wireless plc who served during the year and their remuneration for the year to 31 March 2009 (or, where relevant, part thereof) are shown on pages 26 to 27 respectively.

Statement of the independent auditor to the members of Cable and Wireless plc

Pursuant to section 251 of the Companies Act 1985, we have examined the summary financial statement which comprises the summary consolidated income statement, summary consolidated balance sheet, summary consolidated cash flow statement, summary remuneration report and summary Directors' report as set out on pages 23 to 28.

This statement is made solely to the Company's members, as a body, in accordance with section 251 of the Companies Act 1985. Our work has been undertaken so that we might state to the Company's members those matters we are required to state to them in such a statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our work, for this statement, or for the opinions we have formed.

Respective responsibilities of the Directors and the auditor

The Directors are responsible for preparing the Annual Review in accordance with applicable United Kingdom law. Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the Annual Review with the full Annual Accounts, Directors' report and the Directors' remuneration report, and its compliance with the relevant requirements of section 251 of the Companies Act 1985 and the regulations made thereunder.
We also read the other information contained in the Annual Review and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statement.

Basis of opinion

We conducted our work in accordance with Bulletin 1999/6 'the auditor's statement on the summary financial statement' issued by the Auditing Practices Board for use in the United Kingdom. Our report on the Group's full Annual Accounts describes the basis of our audit opinion on those accounts, the Directors' report and the Directors' remuneration report.

Opinion

In our opinion the summary financial statement is consistent with the full Annual Accounts, the Directors' report and the Directors' remuneration report of Cable and Wireless plc for the year ended 31 March 2009 and complies with the applicable requirements of section 251 of the Companies Act 1985 and the regulations made thereunder.

KPMG Audit Plc
Chartered Accountants
Registered Auditor, London
20 May 2009

Summary consolidated income statement

For the year ended 31 March 2009

	2008/09			2007/08		
	Pre-exceptionals £m	**Exceptional items[1] £m**	**Total £m**	Pre-exceptionals £m	Exceptional items[1] £m	Total £m
Continuing operations						
Revenue	**3,646**	**–**	**3,646**	3,152	–	3,152
Operating costs before depreciation and amortisation	**(2,841)**	**(133)**	**(2,974)**	(2,574)	(53)	(2,627)
Depreciation and impairment	**(316)**	**–**	**(316)**	(252)	(37)	(289)
Amortisation	**(63)**	**–**	**(63)**	(47)	–	(47)
Other operating income	**2**	**–**	**2**	9	53	62
Other operating expenses	**(4)**	**–**	**(4)**	(4)	–	(4)
Group operating profit/(loss)	**424**	**(133)**	**291**	284	(37)	247
Share of post-tax profit of joint ventures	**34**	**–**	**34**	37	–	37
Total operating profit/(loss)	**458**	**(133)**	**325**	321	(37)	284
Gains and losses on sale of non-current assets	**7**	**–**	**7**	1	–	1
Gain on termination of operations	**3**	**–**	**3**	8	6	14
Net finance expense	**(46)**	**(56)**	**(102)**	(22)	(10)	(32)
Profit/(loss) before income tax	**422**	**(189)**	**233**	308	(41)	267
Income tax (expense)/credit	**(24)**	**7**	**(17)**	(56)	9	(47)
Profit/(loss) for the year from continuing operations	**398**	**(182)**	**216**	252	(32)	220
Discontinued operations						
Profit for the year from discontinued operations	**10**	**–**	**10**	–	–	–
Profit/(loss) for the year	**408**	**(182)**	**226**	252	(32)	220
Attributable to:						
Equity holders of the Company	**322**	**(179)**	**143**	191	(27)	164
Minority interests	**86**	**(3)**	**83**	61	(5)	56
	408	**(182)**	**226**	252	(32)	220

1 Exceptional items are material items which derive from individual events that fall within the ordinary activities of the Group that are identified as exceptional by virtue of their size, nature or incidence. The items are explained in the Annual Report.

		2008/09	2007/08
Earnings per share attributable to the equity holders of the Company (pence per share)			
Basic		**5.8p**	6.8p
Diluted		**5.7p**	6.6p
Earnings per share attributable to the equity holders of the Company from continuing operations (pence per share)			
Basic		**5.4p**	6.8p
Diluted		**5.3p**	6.6p
Dividend per ordinary share	– interim (paid)	**2.83p**	2.50p
Dividend per ordinary share	– final (proposed/paid)	**5.67p**	5.00p

Dividends paid during the year were £194 million (2007/08 – £161 million)

Summary consolidated balance sheet

As at 31 March 2009

	31 March 2009 £m	31 March 2008 £m
Assets		
Non-current assets	**3,650**	2,582
Current assets (excluding non-current assets and disposal groups held for sale)	**1,541**	1,572
Non-current assets and disposal groups held for sale	**1**	5
Total assets	**5,192**	4,159
Liabilities		
Non-current liabilities	**1,291**	721
Current liabilities	**1,856**	1,559
Total liabilities	**3,147**	2,280
Net current assets	**(314)**	18
Net assets	**2,045**	1,879
Shareholders' equity		
Share capital	**643**	634
Share premium	**197**	156
Reserves	**988**	897
	1,828	1,687
Minority interests	**217**	192
Total equity	**2,045**	1,879

The summary consolidated balance sheet and the summary consolidated cash flow statement were approved by the Board of Directors on 20 May 2009 and are signed on its behalf by:

Richard Lapthorne Chairman **Tim Pennington** Group Finance Director

Summary consolidated cash flow statement

For the year ended 31 March 2009

	2008/09 £m	2007/08 £m
Cash flows from operating activities		
Cash generated from continuing operations	**669**	504
Cash generated from discontinued operations	**–**	–
Income taxes paid	**(65)**	(46)
Net cash from operating activities	**604**	458
Cash flows from investing activities		
Net cash used in continuing operations	**(747)**	(327)
Discontinued operations	**–**	–
Net cash used in investing activities	**(747)**	(327)
Cash flows from financing activities		
Net cash used in continuing operations	**(52)**	(479)
Discontinued operations	**–**	–
Net cash used in financing activities	**(52)**	(479)
Net decrease in cash and cash equivalents	**(195)**	(348)
Cash and cash equivalents at 1 April	**699**	1,043
Exchange gains on cash and cash equivalents	**41**	4
Cash and cash equivalents at 31 March	**545**	699

Summary remuneration report

Remuneration philosophy

Our remuneration philosophy is to encourage, reinforce and reward the delivery of outstanding shareholder value. It is underpinned by the following guiding principles:

- There should be a genuine alignment of management and shareholder interests;
- The majority of total remuneration for senior managers should only be receivable as a result of achieving demanding performance targets;
- The reward structures should reflect the different characteristics and strategies of the two operating businesses – CWI and Worldwide – as well as the Group as a whole;
- Total reward levels should reflect the markets in which we operate. Our competitive position is regularly monitored by independent analysis against comparator groups of companies selected on the basis of relevant size, business and geographic focus;
- Fixed salaries and benefits should be set at the mid market level compared with similar companies to ensure they remain appropriately competitive;
- An appropriate mix of short and long term incentives should be set so that Directors are incentivised to maximise performance over both the short and medium to long term; and
- The remuneration structure for Directors should be complementary to that of other senior managers whilst also recognising their greater Group responsibilities.

Summary of Executive Directors' remuneration

The existing remuneration structure for Executive Directors and other senior management was implemented on 1 April 2006 following the creation of two independent businesses (CWI and Worldwide) within Cable & Wireless. It was an innovative scheme designed to reinforce the new strategy and organisation, with a greater proportion of performance related pay to fixed pay. Key features of this remuneration structure were: the grant of one-off long term incentive awards in 2006/07 with no further awards to be granted (other than following role changes) in 2007/08 or 2008/09; base salaries were frozen from 1 April 2006 until 1 April 2009; and the maximum annual bonus opportunity was reduced from 150% to 100% of base salary.

The three year period has now elapsed and accordingly the Committee, with the assistance of Hewitt New Bridge Street, has undertaken a review to determine future remuneration arrangements. Following this review, and following consultation with major shareholders and their representative bodies, the Committee has agreed a remuneration structure for 2009/10 and beyond.

The key features of this new structure are as follows:

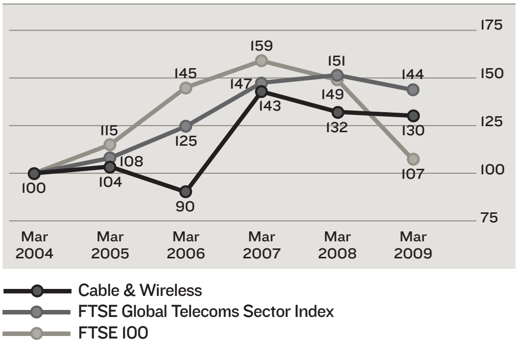
- The Executive Directors' base salaries (unchanged since 2006 and now below market levels) will be frozen for a further year until 1 April 2010 when they will be reset to mid market levels. There will be no change to the annual bonus structure which will remain below market levels at 100% of base salary.
- Subject to shareholder approval at the forthcoming AGM, the Long Term Incentive Plan (LTIP) applying to Executive Directors and other senior management in the two businesses will be extended from four to five years until 31 March 2011 with delayed payments in 2009 and 2010. This will provide a seamless transition from the LTIP into the new incentive arrangements described below.
- In a move towards more conventional incentive arrangements, Executive Directors and other senior management will receive annual awards of performance shares under the existing Cable & Wireless Incentive Plan 2001 (IP01). These shares will start to vest from 2012 onwards subject to achievement of stretching performance targets.
- Subject to shareholder approval at the forthcoming AGM and in order to align the Chairman's share award with the extension of the LTIP, it is proposed that the performance period for the share award is extended by one year from June 2010 to June 2011. In doing so, neither the quantum nor the performance conditions change.
- Shareholding guidelines for Executive Directors will be increased from two times to four times base salary.

Performance graphs

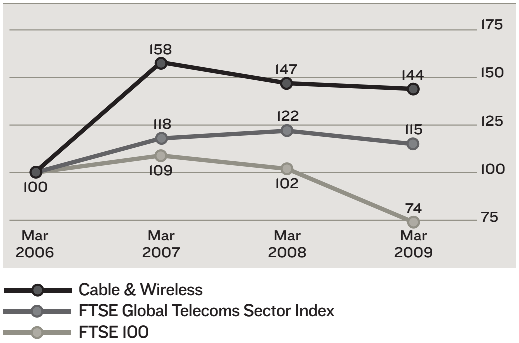
The first performance graph on the following page shows the change in value of a £100 holding invested in the Company's ordinary shares over a five year period compared to the value of £100 invested in the FTSE 100 index and the FTSE GTSI index. The FTSE 100 index was considered by the Committee to be the most relevant index for this purpose as Cable & Wireless has been a constituent of the index for the majority of the five year period.

A similar graph over a three year period has also been presented as the Committee believes this period is more relevant to our incentive plans.

Total shareholder return (5 year)
Value in £ on 31 March



Total shareholder return (3 year)
Value in £ on 31 March



Over a five year period, Cable & Wireless has increased total shareholder return by 30%. Over a three year period, from the start of the LTIP, total shareholder return has increased by 44%, the fifth best performer in the FTSE 100.

Directors' remuneration

Name of Director	Salaries and fees £	Bonuses[2] £	Benefits in kind[3] £	Pension cash allowance[4] £	**Total 2008/09 £**	Total 2007/08 £
Chairman						
Richard Lapthorne	386,000	–	67,901	–	**453,901**	482,001
Executive Directors						
George Battersby	420,000	284,760	2,719	105,000	**812,479**	803,979
Tim Pennington	156,667	160,767[5]	1,460	39,167	**358,061**	–
John Pluthero	600,000	509,400	42,579	150,000	**1,301,979**	1,255,294
Tony Rice	600,000	413,400	39,457	150,000	**1,202,857**	1,154,570
Non-executive Directors						
Simon Ball	104,167	–	3,189	–	**107,356**	66,418
John Barton	4,185	–	4	–	**4,189**	–
Clive Butler	85,000	–	2,883	–	**87,883**	79,547
Kate Nealon	85,000	–	3,189	–	**88,189**	79,547
Kasper Rorsted	90,000	–	9,621	–	**99,621**	95,870
Agnès Touraine	65,000	–	12,314	–	**77,314**	68,586
Total	2,596,019	1,368,327	185,316	444,167	**4,593,829**[1]	4,085,812

Notes

1 The aggregate emoluments of the Directors which include employer pension contributions were £4,593,829 (2007/08 – £9,958,897). Continuing costs for salaries/fees for the Board in 2009/10 will be £2,896,000 (salaries/fees for 2008/09 were £2,596,019).

2 Directors' bonuses for the 2008/09 financial year were based on profit related to the individual Director's areas of responsibility. These profit measures were partially achieved and resulted in the bonus payments outlined above. The maximum bonus potential available was 100% of salary for achievement of all measures.

3 Benefits in kind include Company provided life assurance, professional advice and chauffeur travel.

4 Company pension contributions in 2008/09 have been paid to the Directors as an annual cash allowance. An amount of £19.0m (2007/08 – £13.1m) is included in the provisions to cover the cost of former Directors' pension entitlements.

5 Tim Pennington's bonus has been calculated with reference to his date of appointment to CWI on 1 September 2008. He was subsequently appointed as a Director on 11 November 2008.

Summary Directors' report

Principal activities
Cable & Wireless is one of the world's leading telecommunications companies. It operates through two standalone businesses – CWI and Worldwide – with a small Central team as portfolio manager.

CWI owns and operates full service telecommunications businesses through four regional operations in the Caribbean, Panama, Macau and Monaco & Islands.

Worldwide is a global communications business providing mission critical telecoms to large enterprise and carrier customers.

Dividends
The Directors recommend a final dividend of 5.67 pence per ordinary share payable on 7 August 2009 to ordinary shareholders on the register at the close of business on 5 June 2009. An interim dividend of 2.83 pence per ordinary share was paid on 23 January 2009, resulting in a total dividend of 8.50 pence per ordinary share for the financial year.

Directors
The names and biographical details of the Directors are set out on pages 20 to 21. All of these Directors were in office throughout the year apart from Tim Pennington, who joined the Board on 11 November 2008 as Group Finance Director, and John Barton, who joined the Board on 9 March 2009 as a Non-executive Director. Agnès Touraine resigned as a Non-executive Director on 19 May 2009. She joined the Board in January 2005 and was a member of the Audit and Remuneration Committees.

Ethics
Cable & Wireless' success flows from its commitment to sound business conduct and the relationships it has with key stakeholders (shareholders, employees, customers, business partners and suppliers), governments and regulators, communities and society, and the environment. The Group's ethics policy applies to all Cable & Wireless companies and employees. Where Cable & Wireless operates in conjunction with business partners, third parties or in joint venture arrangements where it does not have management control, it aims to promote the application of this policy. The Group seeks to conduct its operations with honesty, integrity and openness, and with respect for the human rights and interests of our employees. The Group respects the legitimate interests of all those with whom it has relationships.

Internal control and risk management
The Board is responsible for the Group's system of internal control and for reviewing its effectiveness on a continuing basis. The Group's system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss. The concept of reasonable assurance recognises that the cost of control procedures should not exceed the expected benefits.

The Group operates a risk management process, under which each business unit identifies the key risks to their plans, their likelihood and impact and the actions being taken to manage those risks. Consolidated risk registers for CWI and Worldwide are reviewed by their respective Operating Boards and these risk registers, together with a Central risk register, are presented to the Audit Committee on a rolling 12 month basis.

The Executive Directors report to the Board, on behalf of management, significant changes in the Group's business and the external environment in which it operates. In addition, they provide the Board with monthly financial information, which includes key risk and performance indicators. The Group's key internal control and monitoring procedures cover, among other things:

- **Financial reporting:** for example, the annual budget process;
- **Investment appraisal:** such as our clearly defined capital expenditure policy;
- **Monitoring systems:** such as our internal audit programme; and
- **Financial controls:** for example, additional self-assessment exercises to embed processes and controls across our businesses.

Going concern
After reviewing budgets and other longer term plans and making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Useful shareholder information

Registrar
If you have any questions regarding your shareholding in Cable and Wireless plc, please contact:

Equiniti
Aspect House, Spencer Road, Lancing,
West Sussex BN99 6DA
Tel 0871 384 2104* (UK shareholders)
+44 (0)121 415 7047 (overseas shareholders)

Shareholders can view up-to-date information about their shareholding by viewing Shareview (www.shareview.co.uk).

Thus Group plc shareholders
If you have not yet completed your Form of Acceptance relating to your shares in Thus Group plc, please contact:
The Dissentients Department,
Capita Registrars, The Registry
34 Beckenham Road
Beckenham, Kent BR3 4TU
Tel 0870 664 0300 (UK shareholders)
+44 (0)20 8639 3399 (overseas shareholders)

Company Secretary and Registered Office
Nick Cooper
3rd Floor, 26 Red Lion Square,
London WC1R 4HQ
Tel +44 (0)20 7315 4000

2009 Financial calendar

Ex-dividend date	3 June
Record date	5 June
Last date for election to join scrip dividend	10 July
Annual General Meeting	17 July
Payment of final dividend	7 August
Announcement of interim results for 2009/10	5 November

Dividends
A scrip dividend scheme will be offered in respect of the final dividend. Shareholders already in the scheme will automatically receive the final dividend in this way. Shareholders wishing to join the scheme should return a completed mandate form to the Registrar, Equiniti by 10 July 2009. Copies of the mandate form, and the scrip dividend brochure, can be obtained either from Equiniti, or from our website (www.cw.com).

Shareholders whose dividends are paid directly to a bank account will receive one consolidated tax voucher each year sent in January at the time that the interim dividend is paid. If you would prefer to receive a tax voucher with each dividend, please contact our shareholder helpline on 0871 384 2104.*

Shareholders who wish to be paid by direct bank transfer should contact Equiniti on 0871 384 2104.*

Electronic communication
Together with Equiniti, Cable and Wireless plc can offer shareholders the option of managing their shareholding online and receiving communications electronically as an alternative to receiving documents through the post. To make use of this facility, please register at www.shareview.co.uk.

Unsolicited mail
Company law requires the Company to make its share register publicly available. As a consequence, shareholders might receive unsolicited mail, including mail from unauthorised investment firms. For more information on unauthorised investment firms targeting UK investors, you should visit the website of the Financial Services Authority (www.moneymadeclear.fsa.gov.uk/guides/staying_safe/staying_safe_against_scams).

If you wish to limit the amount of unsolicited mail you receive, please contact:
The Mailing Preference Service
DMA House, 70 Margaret Street,
London W1W 8SS
Tel 0845 703 4599
Online www.mpsonline.org.uk

ShareGift
If you have a small number of shares whose value makes them uneconomic to sell, you might consider donating them to charity. ShareGift is a registered charity (no. 1052686) which collects and sells unwanted shares and uses the proceeds to support a wide range of UK charities. Further information about ShareGift is available at www.ShareGift.org or by contacting them at:
17 Carlton House Terrace
London SW1Y 5AH
Tel +44 (0)20 7930 3737

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Designed by Pauffley.

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