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6 NOVEMBER 2014

CABLE & WIRELESS COMMUNICATIONS PLC
PROPOSED ACQUISITION OF COLUMBUS INTERNATIONAL INC
PLACING OF NEW SHARES

- **The Board of Cable & Wireless Communications Plc ("CWC") today announces that it has agreed terms to purchase 100 per cent. of the equity of Columbus International Inc, a leading privately-owned fibre-based telecommunications and technology services provider operating in the Caribbean, Central America and the Andean region, for USD1.85bn**
- **The move will significantly enhance CWC's growth profile and accelerate the progress towards each of its strategic goals unveiled in May**
- **CWC also announces the placing of new shares constituting approximately 9.99 per cent. of CWC's outstanding share capital which will be used to finance in part the proposed acquisition**
- **The Enlarged Group is expected to generate significant operating cost and capital expenditure synergies, with additional revenue benefits also available**
- **The transaction will be earnings neutral in the first full year post-completion and materially earnings enhancing in subsequent years**
- **CWC's current dividend policy of 4c per share to be maintained post-completion**

The Board of Cable & Wireless Communications Plc ("CWC" or the "Company") today announces that it has agreed terms to acquire Columbus International Inc ("Columbus") for consideration of approximately USD1.85bn (for 100 per cent. of the equity). In addition, CWC will assume Columbus' existing net debt as part of the Acquisition, which was USD1.17bn[1] as at 30 June 2014.

CWC is a USD1.69bn revenue telecom services provider operating in 17 countries throughout the Caribbean, Latin America and the Seychelles. It serves 5.7m residential customers with a comprehensive suite of fixed telephony, high-speed broadband, television and mobile services. CWC also provides established and growing business-to-business and government telecom services in its regions, with an integrated portfolio from core telephony and connectivity (fixed and mobile), to managed network services, data centre hosting, and custom IT solutions and integration.

Columbus is a privately-owned diversified telecommunications and technology services company, based in Barbados, with approximately 700,000 residential customers in the Caribbean, Central America and the Andean region. In the Caribbean, it is one of the leading providers of triple-play cable TV and broadband enabled services over its proprietary fibre optic network infrastructure. Through its wholly owned subsidiary, Columbus Networks, Columbus provides backhaul connectivity to 42 countries in the region, as well as capacity and IT services, corporate data solutions and data centre services throughout the Caribbean, Central America and the Andean region. Columbus also provides next generation connectivity and IT solutions, managed networking and cloud-based services under the brand Columbus Business Solutions. For the year ended 31 December 2013, Columbus had revenue of USD505m with EBITDA of USD216m and total operating profit of USD104m. For the six months ended 30 June 2014, Columbus had revenue of USD284m with EBITDA of USD118m and total operating profit of USD48m. Columbus has enjoyed significant growth in revenue and profits in the past few years, and momentum is expected to continue prior to the closing of the transaction.

In May of this year, CWC announced its new strategy to investors, outlining four key areas of focus: Drive Mobile Leadership; Accelerate Fixed-Mobile Convergence; Reinforce TV Offer; and Grow B2B/B2G business. This strategy is underpinned by the announced USD1.05bn Project Marlin capital investment programme. CWC's strategy is in line with wider industry trends, where convergence of fixed and mobile networks, increasing content consumption, and significant traffic growth is driving requirements for high bandwidth fixed line networks and TV capabilities. Operators in Europe and the US, as well as CWC's competitors, are therefore seeking to build and acquire fixed line (terrestrial and submarine) networks that are best able to handle ever-growing data needs along with new TV capabilities. The Acquisition is therefore in line with CWC's strategy and consistent with broader industry trends.

The Acquisition will create an Enlarged Group with greater regional presence, scale and scope with assets and capabilities that the Board believes will reinforce and accelerate the realisation across each of CWC's four areas of strategic focus, as set out earlier this year.

- *Mobile leadership* – Mobile is the key entry point to consumers. The Acquisition will reinforce CWC's mobile leadership in the region, by providing an opportunity to cross-sell Columbus' fibre based services to CWC's mobile customers and improving CWC's mobile service through the ability to offload data onto the Enlarged Group's fixed networks, leveraging improved resilience and capacity. Increasingly, our customers tell us that they want to stream / cache / download TV content onto their mobile, tablet or laptop devices; this transaction will combine the retail distribution and sales and marketing skills of CWC, with the IP engineering and content skills of Columbus.
- *Fixed-mobile convergence* – the Acquisition will allow CWC to become a leading quad-play provider in the region with a comprehensive and compelling set of converged fixed and mobile services, including mobile, fixed line, high-speed broadband and pay-TV. The Enlarged Group will offer more competitive bundles, access to a superior network and enhanced internet access.
- *Reinforce our TV offering* – the Acquisition will increase the scale of CWC's pay-TV offering in the region, adding 5 new pay-TV markets, including Jamaica, and approximately 380,000 new pay-TV customers. In addition, it will enable CWC to leverage Columbus' strong TV operations and add a comprehensive channel portfolio, with comprehensive content, speeding up the planned market entry in 7 new CWC markets.
- *Grow B2B/B2G offering* – the Enlarged Group will own and operate one of the leading terrestrial fibre and subsea cable networks in the region, providing best-in-class resiliency and route diversity. The Enlarged Group will benefit from an expanded geographic footprint, specifically in Central and South America, as well as a strengthened product portfolio for business and government customers, and a robust platform for further market expansion.

The Acquisition will also strengthen the management team with highly skilled, experienced and entrepreneurial personalities focused on customer experience excellence and shareholder value creation.

The Board estimates that, as a result of the Acquisition, the Enlarged Group will be able to achieve recurring annualised pre-tax cost synergies of approximately USD85m which are expected to be delivered in full in the financial year 2017/18 and one-time capital expenditure synergies of approximately USD145m in the first three financial years following completion of the Acquisition, with additional revenue benefits also available.

It is currently intended that, following Completion, the Board will maintain the existing dividend policy of 4c per CWC Share.

The total consideration payable by CWC to acquire 100 per cent. of Columbus' equity is approximately USD1.85bn, to be settled through the payment of approximately USD707.5m in cash and the issue of 1,557,529,605 new ordinary shares in CWC (the "Consideration Shares")[2] to entities ultimately controlled by John Risley (director and co-founder of Columbus), an entity ultimately controlled by John Malone (significant shareholder) and to Brendan Paddick (president, chief executive officer and co-founder of Columbus). As a result, the Principal Vendors will in aggregate hold approximately 36 per cent. of the ordinary shares in the Enlarged Group (after accounting for the Placing described below).

CWC and the Principal Vendors have agreed to enter into certain lock-up and put option arrangements, under which the Principal Vendors can require CWC to acquire certain of the Consideration Shares at the issue price of USD0.7349[3] per share in certain circumstances. Further details regarding these arrangements are set out in Appendix II to this announcement.

CWC proposes to finance the cash consideration of approximately USD707.5m through a combination of the net proceeds of a placing of new shares (the "Placing") constituting approximately 9.99 per cent. of CWC's outstanding share capital, that was separately announced today, and new debt financing (details of which are set out in section 9 of this announcement).

This announcement outlines the rationale for, and certain key terms as well as the intended financing of, the Acquisition. It also provides certain financial and other information about Columbus, including:

- a description of Columbus' business;
- selected consolidated financial information for Columbus for the years ended 31 December 2013, 31 December 2012 and 31 December 2011 prepared using accounting policies consistent with those adopted by CWC in preparing its latest annual financial statements;
- a current trading statement for Columbus in respect of the period for the six months to 30 June 2014, which includes information about certain other developments in Columbus' business occurring during the period. Momentum is expected to continue prior to closing of the transaction.

Because of its size in relation to CWC, the acquisition of Columbus constitutes a Class 1 transaction for CWC under the Listing Rules and will therefore require the approval of CWC's shareholders.

Certain funds managed by Orbis Investment Management Limited or its affiliates ("Orbis"), who own approximately 16.18 per cent. of the share capital of CWC and Invesco Asset Management Limited ("Invesco"), who owns approximately 5.05 per cent. of the share capital of CWC have irrevocably committed to vote in favour of the resolutions at the general meeting, and, if required, the Court meeting.

Phil Bentley, CWC's Chief Executive Officer, said:

"This is a transaction that transforms CWC, providing a step-change in growth and returns. Columbus offers complementary TV, Broadband and B2B capabilities in complementary markets. Together, we will create the best-in-class quad-play offering in the region, delivered on a superior mobile, fibre and subsea network.
This is a significant opportunity to better serve our customers and improve the ICT infrastructure of the communities in which we operate, whilst accelerating our strategy and delivering materially enhanced returns and synergy benefits."

Brendan Paddick, Columbus' president and chief executive officer, said:

"Together, we will form a truly market-leading business focused on our customers in the Caribbean, Central America and the Andean region. Combining our businesses makes both companies stronger, faster and smarter in competing with larger competitors. This transaction reinforces our commitment to transform connectivity in the region, to increase the attractiveness of the region to investors, to support the growth of the communities we serve by making them more globally accessible and competitive and to ensure that our customers always have access to a complete portfolio of products and services."

This preceding summary should be read in conjunction with the full text of this announcement and its appendices.

A meeting for analysts will be held today at 9.30 a.m. (GMT).

CWC will in due course send a circular to shareholders convening a meeting to approve the Acquisition and certain related matters. CWC will also be required to publish a prospectus in connection with the transaction.

Both the circular and the prospectus will include audited and unaudited consolidated financial statements for Columbus, as well as certain other financial information, prepared in accordance with the Listing Rules and the Prospectus Rules. It is possible that the financial information contained in any such circular and/or prospectus may differ from the financial information for Columbus set out in the Appendix I to this announcement.

Indicative timetable

November 2014	Transaction announcement
	Placing of new shares
	Bondholder consent solicitation
	Posting of circular
Early December 2014	CWC shareholder meeting
Expected Q1 2015	Closing

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Capitalised terms used in this announcement shall have the meaning ascribed to them in Appendix X unless the context requires otherwise.

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This announcement does not constitute or form part of, and should not be construed as, an offer, solicitation or invitation to subscribe, for, underwrite or otherwise acquire, any securities of CWC or any member of its group in any jurisdiction or an inducement to enter into investment activity.

This announcement is not directed at, or intended for distribution to or use by: (i) any person or entity outside the United Kingdom; or (ii) any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution or use would be contrary to law or regulation or which would require any registration or licensing.

The securities of CWC have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act"), or with any securities regulatory authority of any state or jurisdiction of the United States, and may not be offered, sold, resold or otherwise transferred, directly or indirectly, in or into the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities law of any state or other jurisdiction of the United States. There will be no public offering of any securities of CWC in the United States.

This announcement contains or incorporates by reference "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "projects", "expects", "intends", "aims", "plans", "predicts", "may", "will", "seeks", "could", "would", "shall" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts and include statements regarding the intentions, beliefs or current expectations of the Board concerning, among other things, the Company's results of operations, financial condition, prospects, growth, strategies and the industries in which the Company operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future or are beyond the Company's control. Forward-looking statements are not guarantees of future performance and are based on one or more assumptions. The Company's actual results of operations and financial condition and the development of the industries in which the Company operates may differ materially from those suggested by the forward-looking statements contained in this announcement. In addition, even if the Company's actual results of operations, financial condition and the development of the industries in which the Company operates are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods.

The forward-looking statements contained in this announcement speak only as of the date of this announcement. The Company and the Board expressly disclaim any obligations or undertaking to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, unless required to do so by applicable law, the Prospectus Rules, the Listing Rules, the London Stock Exchange Rules or the Disclosure Rules and Transparency Rules.

Proposed acquisition of Columbus International Inc

Placing of new shares

1. Introduction

The Board of Cable & Wireless Communications Plc ("CWC" or the "Company") today announces that it has agreed terms to acquire Columbus International Inc ("Columbus") for consideration of approximately USD1.85bn (for 100 per cent. of the equity). In addition, CWC will assume Columbus' existing net debt as part of the Acquisition, which was USD1.17bn[4] as at 30 June 2014.

The consideration will be settled through the payment of approximately USD707.5m in cash (the "Cash Consideration") and the issue to the Principal Vendors of 1,557,529,605 new ordinary shares in CWC (the "Consideration Shares"). As a result, the Principal Vendors will in aggregate hold 36 per cent. of the ordinary shares in the Enlarged Group (after accounting for the Placing as described below). Each Principal Vendor has agreed at Completion to enter into lock-up and put option arrangements in respect of its Consideration Shares, an exception to which will enable it to require the Company to acquire certain of the Consideration Shares at their notional issue price of USD0.7349[5] in certain circumstances. Further details regarding the arrangements are set out in the Appendix II to this announcement.

In connection with the Acquisition, CWC is also launching a consent solicitation in respect of its USD400 million 8 3/4 per cent. Senior Secured Notes due 2020 (the "SIFL Bonds"), issued by its wholly-owned subsidiary Sable International Finance Limited ("SIFL"). The consent solicitation seeks approval of amendments to the indenture (the "Indenture") under which the SIFL Bonds were issued to enable CWC or a wholly-owned subsidiary of CWC to acquire Columbus directly without breaching the Indenture. The consent solicitation process is expected to take up to 10 business days.

If the requisite consents to amend the Indenture are not obtained, the Acquisition will instead be effected by a newly incorporated company, Cable & Wireless Communications Newco Plc ("New CWC") that will be put in place as the new holding company for the CWC Group prior to Completion of the Acquisition by means of a scheme of arrangement (a "Scheme") under sections 895 to 899 of the Companies Act 2006. Following the Scheme, New CWC would be able to acquire Columbus at Completion in a transaction that would not be subject to the restriction of the Indenture. In these circumstances, following the Acquisition, New CWC would become the holding company of the Enlarged Group, which would trigger an obligation on the part of SIFL to make a change of control offer (the "SIFL Change of Control Offer") to holders of the SIFL Bonds in accordance with the Indenture.

The Acquisition, whether made directly by CWC or New CWC, will trigger an obligation on the part of Columbus to make a change of control offer (the "Columbus Change of Control Offer") to holders of Columbus' USD1.25bn 7.375 per cent. senior notes due 2021 (the "Columbus Bonds").

The Acquisition, because of its size in relation to CWC, is a Class 1 transaction for CWC under the Listing Rules and will therefore require the approval of CWC's shareholders. A general meeting to approve the resolutions required to implement the Acquisition and, as appropriate, a Court meeting of CWC's shareholders to approve the Scheme will be convened as soon as practicable. The approvals of the Company's shareholders will be by a simple majority of the votes cast or, in the event that a scheme of arrangement is undertaken, by a majority in number of the shareholders who vote and who together represent at least 75% of the votes cast.

Certain funds managed by Orbis Investment Management Limited or its affiliates ("Orbis") and Invesco Asset Management Limited ("Invesco"), which together hold approximately 21.23 per cent. of the Company's outstanding share capital, have irrevocably committed to vote in favour of the resolutions at the general meeting and, if required, the Court meeting.

The Company also announced today the placing of up to 252,812,284 new CWC Shares, representing approximately 9.99 per cent. of CWC's existing issued share capital (the "Placing"). The Placing is not conditional upon the Acquisition. The Company proposes to use the net proceeds of the Placing and funds to be drawn down at Completion from new debt financing (details of which are set out in section 9 of this announcement) to fund the Cash Consideration.

Philip Bentley, Chief Executive Officer of the Company, who currently holds 4,565,968 shares in the capital of the Company, has committed to subscribe for 700,000 Placing Shares, Sir Richard Lapthorne, Chairman of the Company, who currently holds 8,500,000 shares in the capital of the Company, has committed to subscribe for 500,000 Placing Shares, Perley McBride, Chief Financial Officer of the Company, has committed to subscribe for 700,000 Placing Shares and Mark Hamlin, Non-executive Director of the Company, has committed to subscribe for £10,000 worth of Placing Shares.

Orbis, which currently holds approximately 16.18 per cent. of the Company's outstanding share capital, has committed to subscribe for 40,910,243 Placing Shares, and such additional number of the Placing Shares as are not allocated to other placees up to a maximum number of 85,495,898 Placing Shares. Orbis' commitment to subscribe for 40,910,243 Placing Shares constitutes a smaller related party transaction under Listing Rule 11.1.10R.

Invesco, which currently holds approximately 5.05 per cent. of the Company's outstanding share capital, has committed to subscribe for such number of Placing Shares as are not allocated to other placees, up to a maximum number of 25,273,108 Placing Shares.

Except for the payment of commission to Orbis and Invesco in respect of the Placing Shares which they have underwritten which shall not in any event exceed 2.5 per cent., no commissions will be paid to Placees or by Placees in respect of any Placing Shares.

2. Information on CWC

Background to CWC

CWC is a USD1.69bn revenue telecom services provider operating in 17 countries throughout the Caribbean, Latin America and the Seychelles. It serves 5.7m residential customers with a comprehensive suite of fixed telephony, high-speed broadband, television, and mobile services. CWC also provides established and growing business-to-business and government telecom services in its regions, with an integrated portfolio from core telephony and connectivity (fixed and mobile), to managed network services, data centre hosting, and custom IT solutions and integration.

CWC's key operations are in Panama, Seychelles and 14 Caribbean markets, including Jamaica, The Bahamas, Barbados and the Cayman Islands. CWC holds a minority stake in Telecommunications Services of Trinidad and Tobago. CWC is also a 27.5 per cent. partner with Columbus in a comprehensive undersea cable network in the Caribbean and Latin America, connecting 42 countries and spanning more than 42,000 kilometres.

The CWC group, which is headquartered in London, has recently established a regional operating hub in Miami. The Company's shares are listed on the premium segment of the Official List of the UKLA and admitted to trading on the London Stock Exchange's main market.

CWC Current Trading and Prospects

Today, the Company released its interim results for the six months ended 30 September 2014. The performance of the Company was described in the Chief Executive Officer's statement as follows:

"Although it is early days, it was pleasing to see revenue growth across the Group for the first time as mobile subscribers and data uptake grew. There is no doubt that our networks are faster, and more reliable than ever before – and our customers are beginning to notice a difference. As momentum builds in our investment-led strategy, I would expect growth to accelerate in the second half of the year."

The outlook for the Company was described in the interim results press release as follows:

"Economic growth in our markets will remain variable, ranging from c.6% GDP growth in Panama to 0% in Barbados. However, we continue to believe that the increasing penetration of products such as smart phones, broadband and TV offers good growth opportunities. Notwithstanding this, the markets we operate in are competitive and we face the additional challenge of a second mobile operator in 2015 in The Bahamas, our second largest market.

Looking ahead, we expect to continue making good progress in reducing our cost base, particularly in the Caribbean. Through Project Marlin, with its associated uplift in capital expenditure, we expect to capture the growth opportunity offered by mobile data, broadband and TV, reversing the historical decline in revenue. Where investments have been made, traffic carried on our networks has increased; 71% in Panama, 34% in The Bahamas and Jamaica, 82% in Grenada and 160% in St Vincent. However our offers to customers must remain competitive if we are to capture the necessary returns from these investments in network reliability and speed.

We remain focused on Net Promoter Score (NPS) as a measure to gauge network quality and customer perception of our service. In Jamaica we have seen strong mobile NPS results since the start of the year with a significant positive gap of 59 points between ourselves and the competitor. Where network upgrades have been completed, the NPS gap to our competitors is closing; however there is much work to do. In Panama, for example, we are behind our competitors in NPS (by 15 points), although we anticipate improved results once our network upgrade is complete in March 2015. We are also focused on improving our network quality in The Bahamas where a major *outage in March impacted our mobile NPS.*

With momentum building, we expect our performance in the second half to be stronger than the first half and to be in line with market expectations."

3. Information on Columbus

Background to Columbus

Columbus is a privately-owned diversified telecommunications and technology services company based in Barbados. Founded in 2005, Columbus today serves approximately 700,000 residential service subscribers in the Caribbean, Central America and the Andean region. It provides digital cable television, high-speed internet access and IP telephony services in Trinidad, Jamaica, Barbados, Grenada, Curacao, St. Lucia and St. Vincent and the Grenadines under the brand name "Flow" and in Antigua under the brand name "Karib Cable".

Through its wholly-owned subsidiary, Columbus Networks, Columbus provides capacity to 42 countries and IP services, corporate IT solutions and data centre hosting throughout the Caribbean, Central America and the Andean region. In 2013, Columbus Networks was independently ranked number 1 subsea network provider in the Caribbean.

Columbus also provides next generation connectivity and IT solutions, managed networking and cloud-based services under the brand Columbus Business Solutions.

Columbus is a 72.5 per cent. partner with CWC in the largest undersea cable network in the Caribbean, Central America and the Andean region, connecting 42 countries and spanning more than 42,000 kilometres. Columbus also has a 37,400 kilometres terrestrial fibre and coaxial network and more than 3,000 employees providing advanced telecom services to a diverse residential and corporate client base of more than 700,000 service subscribers.

For the year ended 31 December 2013, Columbus had revenue of USD505m with EBITDA of USD216m and total operating profit of USD104m and profit before tax of USD8m. As at 31 December 2013, Columbus' gross assets were USD1,498m. For the six months ended 30 June 2014, Columbus had revenue of USD284m with EBITDA of USD118m and total operating profit of USD48m. On 24 March 2014, Columbus issued USD1.25bn senior notes due 2021 (the "Columbus Bonds") to refinance its existing debt and to add liquidity to support the Columbus Group's future growth. It is anticipated that the Columbus Bonds will remain outstanding at Completion of the proposed Acquisition.

On 24 February 2014, Columbus announced that it had entered into a definitive agreement to acquire 100 per cent. of the issued and outstanding shares of Lazus Colombia S.A.S. (formerly known as Promitel Colombia S.A.S.) ("**Promitel**") and its subsidiaries in Costa Rica and Panama for cash consideration of approximately USD146m. Promitel, with approximately 191 telecom professionals and 3,400 kilometres of fibre optic cable, provides local loop connectivity services in major centres in (i) Colombia (Bogota, Santa Marta, Barranquilla, Cartagena, Sincelejo, Montería, Bucaramanga, Cali and Popayán), (ii) San José, Costa Rica, and (iii) Panamá City, Panamá. For the year ended 31 December 2013, Promitel reported revenue under Colombian GAAP of USD33m and EBITDA of USD17m. The transaction became effective on 1 May 2014.

Appendix I to this announcement sets out consolidated financial information for Columbus for the years ended 31 December 2013, 31 December 2012 and 31 December 2011 prepared using accounting policies consistent with those adopted by CWC in preparing its latest financial statements.

Columbus Current Trading and Prospects

Following the year ended 31 December 2013, Columbus has continued to perform at or above the expectations of its management team and has demonstrated a strong operational and financial performance across both Flow and Columbus Networks businesses. For the six months ended 30 June 2014, Columbus has:

- Generated year-on-year growth – revenue and EBITDA were up 17 per cent. and 16 per cent., respectively for the same period in the prior year.
- Continued growth at Flow – revenue and EBITDA increased by 20 per cent. and 43 per cent., respectively over the same period in the prior year and all organically.
- Increased total Revenue Generating Units ("RGUs")[5] to 686,741 – an increase of 49,136 units (8 per cent.) over 31 December 2013 from 581,821 for the same period in the previous year.
- Continued growth related to Barbados build-out; increased Homes Passed ("HP")[6] to 59,193 from 34,205 at 31 December 2013 and increased RGUs to 42,386 from 23,161 at 31 December 2013.

- Continued growth at Columbus Networks – revenue and EBITDA increased by 14 per cent. and 6 per cent., respectively over the same period in the prior year.
- Continued to diversify Columbus Networks' revenue base – Columbus Business Solutions ("CBS") revenue in this segment grew by 33 per cent. over the same period in the prior year – represented 35 per cent. of total Columbus Networks revenue for the period.
- CBS' total revenue increased by 28 per cent. over the same period in the prior year.

This momentum is expected to continue prior to closing of the transaction.

In addition, since the beginning of 2014, Columbus has undergone several significant business developments:

- Issued USD1.25bn senior notes due 2021, in order to refinance existing debt, add liquidity for future growth and significantly lower its cost of capital.
- Awarded significant, multi-year corporate and government contracts in multiple jurisdictions.
- Finalised the acquisition of Promitel, effective 1 May 2014.

Overall, Columbus management believes that the outlook for the full year remains strong and is confident about the prospects for the second half of 2014.

EBITDA Reconciliation

EBITDA is defined as earnings before interest, tax, depreciation, amortisation, net other operating and non-operating income/expense and exceptional items. EBITDA is not a measure of financial performance under IFRS or other generally accepted accounting principles. The tables below show the reconciliation of EBITDA to Columbus's reported total operating profit and a reconciliation of EBITDA by segment and in total to Columbus's reported profit/(loss) after tax for the periods indicated.

	Year ended 31 December		Six month period ended 30 June		
	2011	2012	2013	2013	2014
	USDm	USDm	USDm	USDm	USDm
Total operating profit	74	85	104	49	48
Add back					
- depreciation and amortisation	74	82	96	46	52
- share of loss of associates	-	1	2	1	-
- other operating expenses	13	10	12	5	17
- exceptional items	1	7	2	1	1
EBITDA	162	185	216	102	118

Segmental EBITDA Reconciliation

	Year ended 31 December 2011				Year ended 31 December 2012			
	Networks USDm	Flow USDm	Eliminations & Adjustments USDm	Total USDm	Networks USDm	Flow USDm	Eliminations & Adjustments USDm	Total USDm
Profit/(loss) after tax	44	25	(78)	(9)	47	34	(95)	(14)
Add back								
- tax	5	3	2	10	7	9	2	18
- net finance expense	-	-	73	73	-	-	81	81
- depreciation and amortisation	36	38	-	74	38	44	-	82
- share of loss of associate	-	-	-	-	-	-	1	1
- other operating expense	3	4	6	13	-	2	8	10
- exceptional operating costs	-	1	-	1	1	-	6	7
EBITDA	88	71	3	162	93	89	3	185

	Year ended 31 December 2013			
	Networks USDm	Flow USDm	Eliminations & Adjustments USDm	Total USDm
Profit/(loss) after tax	58	44	(111)	(9)
Add back				
- tax	6	8	3	17
- net finance expense	-	-	96	96
- depreciation and amortisation	41	55	-	96
- share of loss of associate	-	-	2	2
- other operating expense	-	2	10	12
- exceptional operating costs	1	1	-	2
EBITDA	106	110	-	216

	Six months ended 30 June 2013				Six months ended 30 June 2014			
	Networks USDm	Flow USDm	Eliminations & Adjustments USDm	Total USDm	Networks USDm	Flow USDm	Eliminations & Adjustments USDm	Total USDm
Profit/(loss) after tax	31	17	(52)	(4)	28	27	(136)	(81)
Add back								
- tax	2	3	1	6	2	7	-	9
- net finance expense	-	-	47	47	-	-	120	120
- depreciation and amortisation	20	26	-	46	23	29	-	52
- share of loss of associate	-	-	1	1	-	-	-	-
- other operating expense	-	1	4	5	4	3	10	17
- exceptional operating costs	1	-	-	1	-	1	-	1
EBITDA	54	47	1	102	57	67	(6)	118

Reconciliation of net debt at 30 June 2014

Net debt is defined as the carrying value of all borrowings and debt-related derivative financial instruments net of capitalised debt issue costs and cash and cash equivalents. The following table provides a reconciliation of net debt to the reported debt and cash balances at 30 June 2014.

<u>At 30 June 2014</u>

	USDm
Bond gross amount	1,250
Less cash	(77)
Headline Net Debt	**1,173**
Less capitalised transaction costs	(20)
Add bifurcated embedded derivative element	3
Derivatives related to net debt	(12)
Net debt	1,144

4. CWC Strategy

In May of this year, CWC announced its new strategy to investors, outlining four key areas of focus: Drive Mobile Leadership; Accelerate Fixed-Mobile Convergence; Reinforce TV Offer; and Grow B2B/B2G business. This strategy is underpinned by the announced USD1.05bn Project Marlin capital investment programme. CWC's strategy is in line with wider industry trends, where convergence of fixed and mobile networks, increasing content consumption, and significant traffic growth is driving requirements for high bandwidth fixed line networks and TV capabilities. Operators in Europe and the US, as well as CWC's competitors, are therefore seeking to build and acquire fixed line (terrestrial and submarine) networks that are best able to handle ever-growing data needs along with new TV capabilities. The Acquisition is in line with CWC's strategy and consistent with broader industry trends.

The Acquisition will create an Enlarged Group with greater regional presence, scale and scope with assets and capabilities that the Board believes will reinforce and accelerate the realisation across each of CWC's four areas of strategic focus, as set out earlier this year.

- *Mobile leadership* – Mobile is the key entry point to consumers. The Acquisition will reinforce CWC's mobile leadership in the region, by providing an opportunity to cross-sell Columbus' fibre based services to CWC's mobile customers and improving CWC's mobile service through the ability to offload data onto the Enlarged Group's fixed networks, leveraging improved resilience and capacity. Increasingly, our customers tell us that they want to stream / cache / download TV content onto their mobile, tablet or laptop devices; the Acquisition will combine the retail distribution and sales and marketing skills of CWC, with the IP engineering and content skills of Columbus.
- *Fixed-mobile convergence* – the Acquisition will allow CWC to become a leading quad-play provider in the region with a comprehensive and compelling set of converged fixed and mobile services, including mobile, fixed line, high-speed broadband and pay-TV. The Enlarged Group will offer more competitive bundles, access to a superior network and enhanced internet access.
- *Reinforce our TV offering* – the Acquisition will increase the scale of CWC's pay-TV offering in the region, adding 5 new pay-TV markets, including Jamaica, and approximately 380,000 new pay-TV customers. In addition, it will enable CWC to leverage Columbus' strong TV operations and add a comprehensive channel portfolio, with comprehensive content, whilst facilitating faster entry into our planned quad-play markets.
- *Grow B2B/B2G offering* – the Enlarged Group will own and operate one of the leading fibre and cable networks in the region, providing best-in-class resiliency and route diversity. The Enlarged Group will benefit from an expanded geographic footprint, specifically in Central and South America, as well as a strengthened product portfolio for business and government customers, and a robust platform for further market expansion.

5. Background to and reasons for the Acquisition

Following a series of divestments, and with the establishment of a new regional office in Miami, CWC has refocused its business on the Caribbean and Latin America markets, as a region that offers attractive growth. Through Project Marlin, CWC has commenced a significant investment programme to deliver world class infrastructure to its 5.7m residential customers and significant business and government customer base. Columbus' strategy is aligned in terms of regional focus and, with its approximately 700,000 residential customers, it is present in a number of territories that complement CWC's core business. Columbus also presents a number of core competencies in network engineering, optimisation and monitoring. The Enlarged Group will offer a comprehensive set of converged consumer mobile, fixed line and pay-TV services across the Caribbean and Latin American regions, with strong complementary businesses in three of CWC's five largest Caribbean markets and will also deliver a leading B2B offering for corporate, enterprise and government customers.

The Acquisition is expected to deliver the following key benefits for CWC:

A. Accelerate CWC's transformation to regional convergence leadership, creating a leading quad-play provider in the region

CWC is making significant investments in mobile, fixed line and TV capabilities to lead converged fixed-mobile capabilities in the markets in which it operates. The combination of CWC's region-leading mobile footprint and existing fixed line infrastructure with Columbus' pay-TV capabilities and next-generation fibre networks will increase the value proposition to customers who use both services through fixed-mobile convergence, with the following benefits:

- *Upgrade CWC's Caribbean network infrastructure* – CWC is rolling out high-speed broadband in Jamaica, Cayman, Barbados, Anguilla, Antigua, Turks & Caicos, British Virgin Islands, St Kitts and Nevis, St Vincent, St Lucia and Grenada. The Enlarged Group will benefit from Columbus' high-speed fibre optic and hybrid fibre-coax in Curacao and Trinidad, as well as broadening network reach in markets where both CWC and Columbus operate today such as Jamaica, Barbados and Grenada.
- *Development of fixed-mobile products and bundles* – The combination of Columbus' terrestrial cable networks with CWC's market leading mobile networks will allow the Enlarged Group to offer truly converged propositions to customers, enabling 'always-on connectivity' and compelling TV offerings coupled with improved service quality and customer experience.
- *Strengthen TV offering and acquire better content at more competitive rates* – CWC offers TV services in 4 markets today and is introducing TV into a further 7 markets this year; however, as a nascent TV player, it does not yet have a comprehensive content catalogue and, due to its start-up nature, has relatively high content costs. Columbus, as a more established TV player, has significantly more content than CWC's TV offering, which it can access at a lower cost. The Acquisition will therefore be an opportunity for CWC to improve its content quality and cost, particularly in those markets outside of Columbus' operating footprint.

- *Increased distribution* – CWC's wider retail footprint (129 stores compared to 23 for Columbus in the Caribbean) will increase the opportunities to sell and serve high-speed broadband and pay-TV customers in Columbus' markets. There will also be an opportunity to cross-sell Columbus' TV content into CWC's larger customer base.
- *Upgrade network infrastructure* – Columbus has built a next generation, master headend in Curacao supporting over 300 channels and advanced features including CloudDVR, VoD and time shift TV. The Enlarged Group will be able to rapidly expand to countries in which CWC operates which are not presently served by Columbus, and to offer media rich multi-screen services, enhancing the value proposition of CWC's mobile network. The advanced multiscreen services will drive adoption of CWC's 4G/LTE offerings and provide earlier opportunities to drive consumer upgrades and data-centric mobility plans. Furthermore, the Enlarged Group will be able to optimise its content reception capabilities to provide for extremely high availability of content that will be difficult for competitors to replicate. In addition, the Acquisition will result in the Enlarged Group owning 100 per cent. of the existing sub-sea cable partnership between CWC and Columbus. This will afford the Enlarged Group the ability to better optimise the use of sub-sea resources resulting in more efficient IP and content delivery networks to both organisations.

The Enlarged Group will be able to offer leading converged services in the majority of its markets, combining CWC's market strength and significant regional scale with Columbus' engineering and content capabilities.

B. Significantly boost CWC's B2B and B2G capabilities in line with strategy

CWC has identified the B2B and B2G segments as growth opportunities, especially in Latin America markets, and has a renewed focus on B2B/B2G in-region. CWC's strategy is to streamline operations across markets, build capability in IT services to augment an already rich portfolio of offerings, ultimately driving greater depth in managed services and end-to-end solutions for business and government customers. The recent acquisition of Grupo Sonitel in Panama demonstrates progress against the new strategy, and once combined with Lazus' capabilities, will drive growth with multi-national customers ("MNCs") throughout Latin America. Columbus' highly complementary network reach, geographic footprint, and data centre footprint will provide a catalyst to the growth of CWC's new Business Solutions group.

- *Network reach* – While CWC has a strong fixed and mobile footprint across most core markets, including market-leading MPLS capabilities, Columbus will provide enhanced coverage, and in many cases higher speed fibre and cable networks of importance to business and government customers.
- *Geographic footprint* – The Acquisition will support our existing geographical expansion in Peru, Costa Rica and El Salvador whilst providing entry into new markets, in particular Guatemala, Honduras, Dominican Republic, Puerto Rico and Colombia, benefitting multinational enterprise customers of the Enlarged Group. There are additional benefits available from the integration of CWC's IT services capabilities with Columbus' network.
- *Data centre footprint* – With CWC's focus on ICT services and cloud solutions, data centres are increasingly important to delivery of these services. Columbus' sites in Curacao, Trinidad and Colombia will provide complementary capability to CWC's data centres in Panama, Cayman and Jamaica.

CWC has a 27.5 per cent. interest in a joint venture with Columbus to provide international capacity to resellers. The joint venture is presently limited to a sales agency function pending receipt of the necessary regulatory approvals to allow CWC and Columbus to transfer their wholesale international capacity assets into the joint venture. CWC is entitled to receive a share of the net cash flows of the joint venture company. Our current expectation is that any dividends due in respect of 2013 will be largely offset by network remediation expenses.

In addition to the financial benefits of 100 per cent. ownership of the joint venture, and the compelling synergy opportunities that arise, there are also significant strategic and market benefits:

- *Expanding the addressable customer base* – Replacing the existing undersea cable joint venture will enable the Enlarged Group to expand the current scope of this business so that it could address the needs of content providers and other large capacity buyers not currently part of the joint venture's remit.
- *Redefining the solution portfolio beyond international capacity services* – The Enlarged Group could broaden into selling solutions such as integration services, project management, and more innovative end-to-end solutions. CWC's recent acquisition of Grupo Sonitel in Panama further enhances the ability to deliver these end-to-end solutions.
- *Addressing the multi-national customer base in region* – This market segment provides a significant opportunity for growth, but equally has demanding requirements. While CWC and Columbus have access to the subsea network today, the Acquisition enables an end-to-end managed solution required by most multinational corporate customers.

C. Create material synergies

The Board estimates that, as a result of the Acquisition, the Enlarged Group will be able to achieve recurring annualised pre-tax cost synergies of approximately USD85m which are expected to be delivered in full in the financial year 2017/18 and one-time capital expenditure synergies of approximately USD145m in the first three financial years following completion of the Acquisition, with additional revenue benefits also available.

Recurring cost synergies

Substantial cost synergies have been identified across the following areas:

- Duplication of corporate costs and functional overheads (approximately USD50m): rationalisation of overlapping headcount in back office, sales and marketing and customer service roles, renegotiation of vendor rates, reduction of real estate costs and harmonisation of IT systems; and
- Integration of networks and TV content (approximately USD35m): transition to Columbus' fixed line fibre network where network overlaps, renegotiation of maintenance fees, consolidation of network and service operating centres and leverage of Columbus' superior TV content buying terms and access to greater economies of scale.

The Board expects that the Enlarged Group will benefit from approximately 45 per cent. of these synergies by end of year 1, 85 per cent. by end of year 2 and 100 per cent. by end of year 3.

It is expected that the realisation of these synergies will incur one-off cash costs of USD110m over the first three financial years after the Acquisition. Other than these one-off costs which are expected to be split approximately 45 per cent., 40 per cent. and 15 per cent. over the three years, the Board do not anticipate any material dis-synergies to arise as a consequence of the proposed transaction.

One-off capex synergies

In addition the Board estimates the Enlarged Group will benefit from one-time synergies of approximately USD145m related to avoidance of duplicative one-off capital expenditure through network consolidation in the overlapping markets where CWC has established investment plans (Project Marlin) and Columbus already has existing network infrastructure. Such synergies are expected to be split 35 per cent., 40 per cent. and 25 per cent. over the first three financial years following completion of the Acquisition.

The quantified synergies are contingent on completion of the Acquisition and the Board believes the financial benefits will accrue as a direct result of the Acquisition and could not be achieved independently.

Other growth opportunities

In addition to the quantified financial benefits highlighted above, the Board further expects that the Enlarged Group will be able to realise additional revenue synergies from selling additional services to existing customers through cross-selling of triple play and quad-play bundles, improving CWC's pay-TV offering in non-overlapping markets, improved network quality reducing customer churn and an enhanced B2B and B2G offering.

Further potential benefits of the Acquisition will include: sharing of best practices in non-overlapping markets, improved customer experience, and expansion into new markets (both B2C and B2B) where only one of CWC or Columbus is currently present.

General

Please refer to Appendix VI for further detail on synergies. As required by Rule 28.1(a) of the UK Takeover Code, Ernst & Young LLP, as reporting accountants to CWC, have provided a report stating that, in their opinion, the quantified financial benefits statement has been properly compiled on the basis stated. In addition, Evercore Partners International LLP, as financial adviser to CWC, has provided a report stating that, in its opinion, the quantified financial benefits statement has been prepared with due care and consideration.

D. Enhance financial profile to secure long-term growth and margin uplift

Columbus has a strong financial track record, with a revenue CAGR of 18 per cent. and an EBITDA CAGR of 15 per cent. (in each case from the year ended 31 December 2011 to 31 December 2013) as well as an EBITDA margin of 43 per cent. in the year ended 31 December 2013. The Acquisition will therefore improve CWC's financial profile and provide a platform for long-term growth.

The Board expects that the Enlarged Group will achieve materially higher Free Cash Flow generation and that the Acquisition will be earnings per share ("EPS") neutral in the first full year post-completion and materially enhancing to EPS in subsequent financial years.

E. Strengthen the senior management team with highly skilled, experienced and entrepreneurial personalities focused on customer experience excellence and shareholder value creation

Columbus' senior management team will bring extensive additional knowledge and expertise in the effective operation of the Enlarged Group. The wider Columbus team has extensive operating and management expertise in the industry, with particular focus on Internet Protocol TV, and managing terrestrial and subsea networks.

6. Integration

In order to maximise the capture of strategic and operational upside from the Acquisition, CWC has established a robust programme, as set out below, with the target of largely completing the integration of the organisation and operations of the Enlarged Group within a period of 6 months post-completion:

- an *Integration Oversight Committee* will be responsible for ensuring that integration activities achieve maximum shareholder value
    - Members will comprise Sir R. Lapthorne, J. Risley, B. Paddick and P. Bentley
- an *Integration Steering Committee* will be responsible for (i) ensuring the alignment between integration programme and strategic vision, (ii) designing the new organisation structure and key roles, (iii) overseeing the programme office and monitoring progress and (iv) redirecting resources/leadership as necessary. Phil Bentley will chair the committee, supported by members of the new management team
- an *Integration Management Office* the responsibilities of which will include (i) project-managing integration, (ii) tracking and monitoring synergy achievement, (iii) proactively identifying and mitigating risk and (iv) managing communications and culture initiatives
- a number of *Integration Working Teams* focused on specific integration topics (e.g. network consolidation) and will comprise representatives from both CWC and Columbus

7. Dividend Policy

It is currently intended that, following Completion, the Board will maintain the existing dividend policy of 4c per CWC Share.

8. Key terms of the Acquisition

The Share Purchase Agreement was entered into today between the Company and the Vendors (being Clearwater, CHLLC, Brendan Paddick, ACF (investment vehicles managed by Portland Private Equity, a leading private equity investor in the Caribbean and Latin America) and others) pursuant to which the Company has conditionally agreed to acquire the entire issued share capital of Columbus from the Vendors. The Company has the right to nominate another person, being a wholly-owned subsidiary of the Company, to be the transferee of such share capital. The governing law of the Share Purchase Agreement is the law of Barbados and any dispute relating to the Share Purchase Agreement shall be settled, in Miami, under the Rules of Arbitration of the London Court of International Arbitration.

Consideration

The total consideration payable to the Vendors at Completion under the terms of the Share Purchase Agreement for the entire issued share capital of Columbus is approximately USD1.85bn, to be settled through the payment of approximately USD707.5m in cash and the issue of the Consideration Shares.

The Consideration Shares will be issued to entities ultimately controlled by John Risley (director and co-founder of Columbus), an entity ultimately controlled by John Malone (significant shareholder) and to Brendan Paddick (president, chief executive officer and co-founder of Columbus). It is expected that the Principal Vendors will, immediately after Completion, hold approximately 20 per cent., 13 per cent. and 3 per cent. of CWC's outstanding share capital and voting rights, respectively (taking into account the CWC Shares to be issued pursuant to the Placing, but otherwise assuming no issues or cancellations of shares after the date of this announcement).

Rule 9 Waiver

Pursuant to the City Code on Takeovers and Mergers (the "UK Takeover Code"), CWC intends to seek waivers from shareholders so no offer for CWC is required to be made under Rule 9 of the UK Takeover Code in connection with the Acquisition

Lock-up and put option arrangements

CWC and the Principal Vendors have agreed to enter into lock-up and put option arrangements, an exception to which will enable each Principal Vendor to either (i) require CWC to purchase, for cash, up to a certain number of its Consideration Shares each year from 2016 to 2019 inclusive for their notional issue price of USD0.7349 per share or (ii) sell up to that number of Consideration Shares each year from 2016 to 2019 in the market (subject to orderly market arrangements with CWC). Further details regarding the arrangements are set out in Appendix II to this announcement.

Pre-completion actions

Certain US licensed entities in the Columbus Group will be transferred to a newly incorporated SPV owned by Clearwater and Brendan Paddick ("New Cayman") immediately prior to Completion, so that Completion can occur prior to the approval of the Federal Communications Commission of the United States ("FCC approval") being obtained. The completion of the US Carve-Out is conditional upon the expiry of any waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (and any extensions thereof) or any waiting period having been otherwise terminated on terms acceptable to the Company ("HSR clearance").

When FCC approval is obtained, the US licensed entities will be transferred to the Enlarged Group.

Until such time as FCC approval is obtained, among other things:

(A) New Cayman will continue to hold the US licensed entities and be owned by Clearwater and Brendan Paddick;

(B) a management and services agreement will apply under which the Columbus Group – owned by the Company from Completion – will operate and manage the business of the US licensed entities, at the direction of, and subject to the ultimate control, direction and oversight of, the US licensed entities, in return for a fee; and

(C) anti-leakage provisions will apply in relation to New Cayman and the US licensed entities.

Conditions

Completion is conditional upon certain things, including:

(A) the passing of the necessary resolutions by CWC's shareholders by no later than 12 December 2014;

(B) (unless waived by the parties) obtaining certain regulatory approvals in Barbados, Jamaica and Trinidad and Tobago;

(C) the US Carve-Out being completed; and

(D) no material adverse change having occurred.

Longstop date and transaction fee

The Share Purchase Agreement will terminate automatically if Completion has not occurred by 28 February 2015 (or such later date as the parties may agree) or if the CWC shareholder resolutions have not been passed in sufficient time to allow Completion to occur by 28 February 2015 (or such later date as the parties may agree).

CWC has agreed to pay a transaction fee of USD19.77m to the Vendors if the Share Purchase Agreement automatically terminates under these provisions other than as a result of an act or omission or a breach of the Share Purchase Agreement by the Vendors or any of them.

However, if a required regulatory approval listed at (B) above has not been obtained (or the relevant condition waived) prior to 28 February 2015 and the Share Purchase Agreement automatically terminates on 28 February 2015, in circumstances where CWC is in compliance in all material respects with its terms, no transaction fee will be payable. Prior to 28 February 2015, the Vendors may in their absolute discretion elect that the Share Purchase Agreement will not terminate automatically on 28 February 2015, and to extend the longstop date to 30 April 2015.

If (i) prior to the CWC general meeting any third party releases an announcement stating its firm intention to make an offer for the entire issued share capital of CWC in accordance with Rule 2.7 of the UK Takeover Code and the CWC shareholder resolutions are not voted on by or on the date set for the passing of those resolutions or (ii) after the CWC general meeting any third party releases an announcement stating its firm intention to make an offer for the entire issued share capital of CWC in accordance with Rule 2.7 of the UK Takeover Code and Completion does not occur, or the relevant Vendors do not receive, the Consideration Shares, before (i) the first closing date of the offer; or (ii) the record date for the shareholder meetings required to implement the offer by way of scheme of arrangement, otherwise than as a result of an act or omission or a breach of the Share Purchase Agreement by the Vendors or any of them, the Vendors may elect to terminate the Share Purchase Agreement. No transaction fee is payable if the Vendors terminate the Share Purchase Agreement in such circumstances.

In addition, if prior to the date on which the Share Purchase Agreement terminates any third party has released an announcement of a possible, or stating its firm intention to make an, offer for the entire issued share capital of CWC in accordance with Rule 2.4 or Rule 2.7 of the UK Takeover Code (a “Relevant Offer”), and such Relevant Offer, and any other Relevant Offers, have not lapsed or expired prior to the termination date, no transaction fee will be payable unless and until that Relevant Offer, and any other Relevant Offers, have lapsed or expired. If such Relevant Offers do lapse and/or expire, the transaction fee would become payable. If, however, any such Relevant Offer is completed, no transaction fee would or will become payable.

Other acquisition terms

The terms of the Share Purchase Agreement reflect the outcome of a competitive auction process involving CWC and, accordingly, the warranties and other purchaser protections are limited.

Certain risks associated with the Acquisition are set out in Appendix IX.

CWC will incur costs in connection with the Acquisition, estimated to be approximately USD111m (including professional fees, financing fees and other transaction costs). This does not include the costs of refinancing any of the bridge facilities described below.

9. New Financing

JPMorgan Chase Bank, N.A. has provided debt financing commitments in respect of:

- a USD460,000,000 senior secured two-year bridge facility (the "Secured Bridge");
- a USD300,000,000 senior unsecured two-year bridge facility (the "Unsecured Bridge");
- a USD404,000,000 senior secured two-year bridge facility to be available to fund any acceptances by holders of SIFL Bonds of the SIFL Change of Control Offer in the event of the establishment of New CWC as a holding company for CWC;
- a USD1,262,500,000 senior unsecured one-year bridge facility to be available to fund any acceptances by holders of Columbus Bonds of the Columbus Change of Control Offer, and
- a USD500,000,000 senior secured revolving credit facility (the "New RCF"), with any amount up to USD425,000,000 not successfully syndicated able to be added to the principal amount of the Secured Bridge or Unsecured Bridge.

The Secured Bridge and Unsecured Bridge (excluding any amount reallocated from the New RCF to the Secured Bridge or Unsecured Bridge) will be used to part-fund the Cash Consideration. The New RCF is intended to refinance the existing revolving credit facilities entered into by SIFL as borrower, to pay fees and costs arising from the Acquisition, and to be available for working capital purposes.

As a result of the Acquisition, the Company will be required to post a £100m letter of credit in favour of the trustees of the Company's final salary pension scheme (the "Pension Trustees"). If the transaction is effected through a new holding company as described above, the Pension Trustees will have the right to call on this letter of credit. The Company is discussing the Acquisition with the Pension Trustees.

10. Proposed Directors

As part of the Acquisition, John Risley, Brendan Paddick and Thad York (the "Proposed Directors"), having been proposed by Clearwater, Brendan Paddick and CHLLC respectively under their lock-up and put option arrangements, will be appointed non-executive directors of CWC from Completion.

Profiles of the Proposed Directors are set out in Appendix III. Details of the letters of appointment of the Proposed Directors are set out in Appendix IV. Details of key individuals important to Columbus are set out in Appendix V.

11. Expected timetable to Completion

A shareholder circular containing further details on the transaction, the Board's recommendation, and the notice of the general meeting (and, as required, a Court meeting) and the resolutions required to approve the transaction will be sent to CWC shareholders shortly after the SIFL Bonds consent process has been completed, which is expected to take up to 10 business days from the date of this announcement.

CWC will also be required to publish a prospectus in connection with the transaction, which it expects to do prior to Completion.

Completion of the transaction is currently expected to occur in the first quarter of 2015.

The Board considers the Acquisition, the Scheme (if required) and the resolutions to be in the best interests of CWC and the Shareholders as a whole and will accordingly unanimously recommend Shareholders to vote in favour of the resolutions, as they intend to do in respect of their own shareholdings, save for the resolution relating to the Rule 9 waiver on which the Board is excluded from voting.

Orbis and Invesco have irrevocably committed to vote in favour of the resolutions at the general meeting and, if required, the Court meeting.

Appendix I - Consolidated Financial Information on Columbus

Operating profit information
for the three years ended 31 December 2011, 2012 and 2013

	2011			2012			2013		
	Pre-exceptional items USDm	Exceptional items[1] USDm	Total USDm	Pre-exceptional items USDm	Exceptional items[1] USDm	Total USDm	Pre-exceptional i tems USDm	Exceptional items[1] USDm	Total USDm
Revenue	364	-	364	427	-	427	505	-	505
Operating costs before depreciation and amortisation	(202)	(1)	(203)	(242)	(7)	(249)	(289)	(2)	(291)
Depreciation	(68)	-	(68)	(74)	-	(74)	(82)	-	(82)
Amortisation	(6)	-	(6)	(8)	-	(8)	(14)	-	(14)
Other operating expense	(13)	-	(13)	(10)	-	(10)	(12)	-	(12)
Group operating profit/(loss)	75	(1)	74	93	(7)	86	108	(2)	106
Share of operating loss of associates	-	-	-	(1)	-	(1)	(2)	-	(2)
Total operating profit/(loss)	75	(1)	74	92	(7)	85	106	(2)	104

[1] Further detail on exceptional items is set out in note 1.3(C)

Net assets
as at 31 December 2011, 2012 and 2013

	31 December 2011 USDm	31 December 2012 USDm	31 December 2013 USDm
Assets			
Non-current assets			
Intangible assets	218	238	276
Property, plant and equipment	886	946	1,012
Investments in joint ventures and associates	2	4	3
Other receivables	13	11	10
Deferred tax assets	42	44	39
	1,161	1,243	1,340
Current assets			
Trade and other receivables	75	85	105
Inventories	1	1	4
Cash and cash equivalents	19	58	49
	95	144	158
Total assets	1,256	1,387	1,498
Liabilities			
Current liabilities			
Trade and other payables	135	144	161
Borrowings	-	-	638
Current tax liabilities	-	5	5
	135	149	804
Net current liabilities	40	5	646
Non-current liabilities			
Trade and other payables	329	340	330
Borrowings	635	751	200
Deferred tax liabilities	63	71	87
	1,027	1,162	617
Net assets	94	76	77

Consolidated cash flow information
for the three years ended 31 December 2011, 2012 and 2013

	2011 USDm	2012 USDm	2013 USDm
Net cash from operating activities	162	166	182
Net cash used in investing activities	(135)	(162)	(214)
Net cash (used in)/from financing activities	(75)	33	21
Cash and cash equivalents at 31 December	19	58	49

Notes to the consolidated financial information

The selected financial information shown herein has been extracted without material adjustment from the draft consolidated historical financial information of Columbus International Inc. for the three years ended 31 December 2011, 2012, and 2013.

1. Results

1.1 Basis of preparation

(A) Basis of preparation

The consolidated financial information of Columbus and all its subsidiaries have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS").

The financial information is presented in US dollars (USD) and rounded to the nearest million.

They have been prepared on the historical cost basis except for liabilities for cash-settled share-based payment arrangements held at fair value.

1.2 Segment information

Columbus Group manages its business through two operating segments: Columbus Networks and Flow.

Year ended 31 December 2013	Columbus Networks USDm	Flow USDm	Eliminations and adjustments[1] USDm	Total USDm
Revenue				
- External customers	205	300	-	505
- Intrasegment	1	7	(8)	-
Total revenue	206	307	(8)	505
Total assets	736	778	(16)	1,498
Total liabilities	442	731	248	1,421
Other disclosures				
- Capital expenditure	50	105	-	155

1 – Eliminations and adjustments also includes the costs of the non-operating corporate centre

Year ended 31 December 2012	Columbus Networks USDm	Flow USDm	Eliminations and adjustments[1] USDm	Total USDm
Revenue				
- External customers	178	249	-	427
- Intrasegment	1	1	(2)	-
Total revenue	179	250	(2)	427
Total assets	740	676	(29)	1,387
Total liabilities	488	640	183	1,311
Other disclosures				
- Capital expenditure	52	70	-	122

1 – Eliminations and adjustments also includes the costs of the non-operating corporate centre

Year ended 31 December 2011	Columbus Networks USDm	Flow USDm	Eliminations and adjustments[1] USDm	Total USDm
Revenue				
- External customers	154	210	-	364
- Intrasegment	1	1	(2)	-
Total revenue	155	211	(2)	364
Total assets	663	629	(36)	1,256
Total liabilities	445	585	132	1,162
Other disclosures				
- Capital expenditure	51	69	-	120

1 – Eliminations and adjustments also includes the costs of the non-operating corporate centre

1.3 Operating costs and other operating expense

(A) Operating costs

Detailed below are the key expense items charged or (credited) in arriving at Columbus' operating profit.

An analysis of the operating costs from continuing operations incurred by the Columbus Group is presented below, classified by the nature of the cost:

			2011			2012			2013
	Pre-exceptional USDm	Exceptional items USDm	Total USDm	Pre-exceptional USDm	Exceptional items USDm	Total USDm	Pre-exceptional USDm	Exceptional items USDm	Total USDm
Employee and other staff expenses	51	1	52	65	1	66	72	2	74
Operating lease rentals	29	-	29	33	6	39	40	-	40
Foreign exchange	2	-	2	5	-	5	4	-	4
Other administrative expenses	120	-	120	139	-	139	173	-	173
Operating costs before depreciation and amortisation	202	1	203	242	7	249	289	2	291
Depreciation of property, plant and equipment	68	-	68	74	-	74	82	-	82
Amortisation of intangible assets	6	-	6	8	-	8	14	-	14
Operating costs	276	1	277	324	7	331	385	2	387

(B) Other operating expense

In 2013, other operating expense totalled USD12m included USD8m of transaction costs relating to acquisitions and USD2m in respect of disposal of plant and equipment. Also included are costs of USD1m for the Employee Incentive Plan (EIP) and USD1m forgiveness of a shareholder loan.

In 2012, other operating expense totalled USD10m included USD3m of transaction costs relating to acquisitions and USD1m in respect of disposal of plant and equipment. Also included are costs of USD5m for the EIP and USD1m forgiveness of a shareholder loan.

In 2011, other operating expense totalled USD13m and included USD4m of transaction costs relating to acquisitions and USD4m in respect of disposal of plant and equipment. Also included are costs of USD5m for the EIP.

(C) Exceptional items

Exceptional items are material items within profit or loss that derive from individual events that fall within the ordinary activities of the Columbus Group. They are identified as exceptional items by virtue of their size, nature or incidence.

Exceptional operating losses of USD2m were recorded in 2013 due to restructuring costs incurred.

Exceptional operating losses of USD7m were recorded in 2012 primarily due to costs recognised on an onerous contract.

Exceptional operating losses of USD1m were recorded in 2011 due to restructuring costs incurred.

1.4 Business Acquisitions

2013

(A) Karib Cable

Effective 1 April 2013, Columbus, through a wholly-owned subsidiary, purchased 100 per cent. of the issued and outstanding shares of Techvision Inc. including, indirectly, its subsidiaries: Kelcom International (Antigua & Barbuda) Limited, Kelcom International Limited, Karib Cable Inc., and Bandserve Inc. (collectively, "Karib Cable") for cash consideration of USD55m paid on closing, subject to a customary post-closing audit and possible price adjustment.

The post-closing audit has been completed, indicating that there should be adjustments to the purchase price, favourable to Columbus, and the sellers have disputed the results of the auditor's report. In accordance with the terms of the purchase agreement, the ultimate adjustments to and final settlement of the purchase price will occur following either a negotiated settlement or by binding arbitration (which is in progress). Karib Cable provides telecommunication services in Antigua and Barbuda, St. Lucia, St. Vincent and the Grenadines, and Barbados.

The fair value of the identifiable assets acquired and the liabilities assumed were as follows:

	Karib Cable USDm
Cash	1
Accounts receivable	5
Inventory	6
Prepayments	1
Plant, property and equipment	16
Intangible assets	27
Deferred tax asset	1
Goodwill	20
Total assets	**77**
Accounts payable	7
Income taxes payable	1
Deferred payments and customer deposits	3
Deferred tax liability	9
Provision	1
Total liabilities	**21**
	56
Total cash acquired	(1)
Total cash consideration	**55**

The goodwill of USD20m comprises of value expected synergies arising from the acquisition, and an assembled workforce which are not separately recognised.

From the date of acquisition, Karib Cable has contributed USD17m of revenue and USD5m to the profit before income tax of Columbus. Information on the revenue and profit before tax of Karib Cable since the start of the financial year is not available and therefore has not been disclosed.

(B) Promitel

On 20 December 2013, Columbus entered into an agreement, subject to certain regulatory approvals, to purchase 100 per cent. of the issued and outstanding shares of Lazus Colombia S.A.S. (formerly known as

Promitel Colombia S.A.S.) and its subsidiaries in Costa Rica and Panama (collectively, "Promitel") for cash consideration of USD146m.

Promitel, employing 191 telecom professionals and approximately 3,400 kilometres of fibre optic cable, provides local loop connectivity services in major centers in (i) Colombia (Santa Marta, Barranquilla, Cartagena, Sincelejo, Montería, Bucaramanga, Cali and Popayán), (ii) San José, Costa Rica, and (iii) Panamá City, Panamá.

Transaction costs of USD3m have been expensed and are included in other operating expenses.

At 31 December 2013 the closing of the transaction was pending regulatory approval in Colombia and Costa Rica. None of the Promitel networks, assets or revenues have been reflected in the consolidated financial information of Columbus Group as the transaction was subject to these regulatory approvals. Regulatory approval was subsequently gained on 1 May 2014 and this was the effective date of the acquisition.

Columbus Group has provisionally allocated the purchase price to assets acquired and liabilities assumed as follows:

	Promitel USDm
Cash	7
Accounts receivable	10
Prepayments	1
Plant, property and equipment	71
Goodwill and intangibles	108
Total assets	197
Accounts payable	6
Deferred revenue	38
Total liabilities	44
	153
Total cash acquired	7
Total cash consideration	146

No identifiable intangible assets have yet been recognised as part of the provisional purchase price allocation. Goodwill that remains after identification of such intangibles relates to expected synergies arising from the acquisition and an assembled workforce which will not be separately recognised.

Columbus Group has engaged a third party accounting firm to determine the fair value of the intangible assets and property, plant and equipment. The purchase price allocation will be finalised once these figures have been determined.

2012

(A) Giga-Optics S.A.

Effective 18 January 2012, Columbus, through a wholly-owned subsidiary, purchased 100 per cent. of the issued and outstanding shares of Giga-Optics, S.A. ("Giga-Optics") for cash consideration of USD3m. Giga-Optics provides telecommunication services in El Salvador.

(B) TeleBarbados

Effective 26 September 2012, Columbus, through a wholly-owned subsidiary, purchased 100 per cent. of the issued and outstanding shares of Antilles Crossing (Barbados) IBC, Inc. and Antilles Crossing Holding Company (St. Lucia) Limited and their subsidiaries Tele (St. Lucia) Inc., Tele (Barbados) Inc., and Wamco Technology Group Limited (collectively "TeleBarbados") for cash consideration of USD28m. Tele (St. Lucia) Inc. provides telecommunications services in St. Lucia, while Tele (Barbados) Inc. provide telecommunications services in Barbados. Wamco Technology Group Limited is not currently operating.

(C) Telecorp

Effective 31 October 2012, Columbus, through a wholly-owned subsidiary, purchased 100 per cent. of the issued and outstanding shares of Telefonica Corporativa S.A. de C.V. ("Telefonica") and certain assets of Informatica Atlantida, S.A. de C.V. (Infatlan) for cash consideration of USD5m, collectively ("Telecorp"). Telecorp provides telecommunications services in Honduras.

	Giga-Optics	TeleBarbados	Telecorp	Total
	USDm	USDm	USDm	USDm
Accounts receivable	-	2	1	3
Prepayments	-	1	-	1
Plant, property and equipment	1	11	2	14
Intangible assets	-	8	1	9
Goodwill	2	11	1	14
Total assets	3	33	5	41
Accounts payable	-	1	-	1
Deferred tax liability	-	2	-	2
Total liabilities	-	3	-	3
	3	30	5	38
Less contingent consideration	-	(2)	-	(2)
Total cash consideration	3	28	5	36

The goodwill of USD14m comprises of value expected synergies arising from the acquisitions, and an assembled workforce which are not separately recognised. In 2013 the valuation for TeleBarbados was completed. As a result of the tax review, there was a decrease in the deferred tax asset of USD2m, a decrease in the deferred tax liability of USD1m with a corresponding increase in goodwill of USD1m, resulting in USD11m of total goodwill arising on the acquisition. There were no further changes to each Giga-Optics and Telecorp.

2011

In 2011, the purchase price accounting for the 2010 acquisitions had been finalised. An adjustment of USD1m was made to reverse the deferred tax liability set up in the prior year. The adjustment resulted in a decrease to goodwill of USD1m.

2. Operating assets and liabilities

2.1 Trade and other receivables

Columbus' trade and other receivables mainly consist of amounts owed to by customers and amounts that Columbus pays to its suppliers in advance. Trade receivables are shown net of an allowance for bad or doubtful debts.

	2011 USDm	2012 USDm	2013 USDm
Gross trade receivables	68	80	105
Impairment allowance	(5)	(9)	(22)
Net trade receivables	63	71	83
Other receivables	3	3	6
Prepayments	9	11	16
Trade and other receivables – current	75	85	105
Other receivables	8	6	5
Prepayments	5	5	5
Other receivables – non-current	13	11	10
Total trade and other receivables	88	96	115

2.2 Trade and other payables

Trade and accruals mainly consist of amounts owed to suppliers that have been invoiced or are accrued. Deferred income is amounts billed to customers where Columbus has yet to provide the service.

	2011 USDm	2012 USDm	2013 USDm
Trade payables and accruals	105	112	127
Deferred income	30	32	34
Trade and other payables – current	135	144	161
Deferred income	303	313	303
Other payables	26	27	27
Trade and other payables – non-current	329	340	330
Total trade and other payables	464	484	491

2.3 Intangible assets

These assets include goodwill, brand names, subscriber lists, customer relationships, licences and software.

	Goodwill	Software	Licences and operating agreements	Customer relationships and contracts	Other	Total
	USDm	USDm	USDm	USDm	USDm	USDm
Cost						
At 1 January 2011	131	-	14	81	1	227
Additions	-	18	-	-	-	18
Adjustments	(1)	-	-	-	-	(1)
At 31 December 2011	130	18	14	81	1	244
Acquisitions	14	-	-	9	-	23
Additions	-	6	-	-	-	6
At 31 December 2012	144	24	14	90	1	273
Acquisitions	20	-	-	22	5	47
Additions	-	5	2	-	-	7
At 31 December 2013	164	29	16	112	6	327
Amortisation and impairment						
At 1 January 2011	-	-	1	19	-	20
Charge for the year	-	-	-	6	-	6
At 31 December 2011	-	-	1	25	-	26
Charge for the year	-	2	-	6	-	8
Exchange differences	-	-	-	1	-	1
At 31 December 2012	-	2	1	32	-	35
Charge for the year	-	4	-	9	1	14
Exchange differences	-	-	-	2	-	2
At 31 December 2013	-	6	1	43	1	51
Net book value						
At 31 December 2011	130	18	13	56	1	218
At 31 December 2012	144	22	13	58	1	238
At 31 December 2013	164	23	15	69	5	276

2.4 Property, plant and equipment

	Land and buildings USDm	Plant and equipment USDm	Assets under construction USDm	Total USDm
Cost				
At 1 January 2011	41	960	24	1,025
Additions	8	98	14	120
Disposals	(3)	(3)	-	(6)
Transfers between categories	-	10	(10)	-
Exchange differences	-	(4)	-	(4)
At 31 December 2011	46	1,061	28	1,135
Additions	10	105	20	135
Acquisitions	1	13	-	14
Disposals	(1)	(5)	-	(6)
Transfers between categories	-	22	(22)	-
Exchange differences	(1)	(14)	(1)	(16)
At 31 December 2012	55	1,182	25	1,262
Additions	8	114	34	156
Acquisitions	7	9	-	16
Disposals	(2)	(5)	-	(7)
Transfers between categories	-	18	(18)	-
Exchange differences	(1)	(27)	(1)	(29)
At 31 December 2013	67	1,291	40	1,398
Depreciation				
At 1 January 2011	(5)	(179)	-	(184)
Charge for the year	(2)	(66)	-	(68)
Disposals	1	2	-	3
At 31 December 2011	(6)	(243)	-	(249)
Charge for the year	(2)	(72)	-	(74)
Disposals	-	3	-	3
Exchange differences	-	4	-	4
At 31 December 2012	(8)	(308)	-	(316)
Charge for the year	(4)	(78)	-	(82)
Disposals	-	2	-	2
Exchange differences	-	10	-	10
At 31 December 2013	(12)	(374)	-	(386)
Net book value as at 31 December 2011	40	818	28	886
Net book value as at 31 December 2012	47	874	25	946
Net book value as at 31 December 2013	55	917	40	1,012

3. Capital Structure and financing

3.1 Borrowings

The Columbus Group's sources of borrowing for funding and liquidity purposes come from a range of secured and unsecured notes and facilities and preference shares. Its key borrowings at 31 December 2013 consist of secured and unsecured bonds and are as disclosed in the table below.

Post year end, on 30 March 2014 the Columbus Group issued USD1,250m senior notes bearing interest at 7.375 per cent. The notes will mature on 30 March 2021.

Columbus Group redeemed in full the USD640m senior secured notes as well as the USD212m outstanding on the USD225m senior guaranteed unsecured notes facilities in full.

Columbus Group incurred USD20m of debt issue costs related to the borrowings and expensed USD14m related to unamortised debt issue costs and unamortised premiums associated with the previous debt. USD6m of additional interest charges were incurred. The Company also incurred USD62m related to breakage fees and make-whole payments associated with the repayment of the two facilities, which has also been expensed.

			31 December 2011			31 December 2012			31 December 2013		
	Type	Security	Interest rate per cent.	Carrying value USDm	Fair value USDm	Interest rate per cent.	Carrying value USDm	Fair value USDm	Interest rate per cent.	Carrying value USDm	Fair value USDm
2014 USD640m Senior Secured Notes[1,2]	Fixed	Secured	11.5	634	671[5]	11.5	636	670[5]	11.5	638	669[5]
2017 USD225m Senior Guaranteed Unsecured Notes Facility[3]	Fixed	Unsecured	-	-	-	9.5	114	134[5]	9.5	199	224[5]
USD750k 14 per cent. class B cumulative redeemable, retractable, convertible preferred shares issued at $1[4]	Fixed	Unsecured	14.0	1	1	14.0	1	1	14.0	1	1
Total borrowings				635			751			838	
Borrowings – current				-			-			638	
Borrowings – non-current				635			751			200	

1 The notes bear interest at 11.5 per cent. and mature on 20 November 2014. They are guaranteed, jointly and severally, by certain of Columbus' wholly owned subsidiaries.

2 Certain non-financial defaults have occurred under Columbus' 11.5 per cent. senior secured notes in that certain entities that became new direct or indirect subsidiaries of Columbus in connection with various business acquisitions and formations failed, for a variety of legal and practical reasons, to complete the formal process of executing and delivering the collateral documents that are required to be provided under the terms of the indenture governing the 11.5 per cent. senior secured notes within the applicable time period. In addition, Columbus has on occasion failed to observe certain other requirements of its 11.5 per cent. senior secured notes indenture in that certain entities that became new direct or indirect subsidiaries of Columbus in connection with various business acquisitions and formations failed to timely take the formal steps required to become guarantors under the terms of the 11.5 per cent. senior secured notes indenture. Under the terms of the indenture for the 11.5 per cent. senior secured notes, Columbus would have 30 days to cure these non-financial defaults after receiving a notice from the trustee or the requisite holders of the 11.5 per cent. senior secured notes accelerating payment in full of the indebtedness outstanding under the 11.5 per cent. senior secured notes. As of 31 December 2013 Columbus had not received any such notice. As disclosed above, the senior secured notes were redeemed in full post year end as part of a refinancing.

3 The notes bear interest at 9.5 per cent. and mature on 21 May 2017. The undrawn amounts under the Notes Facility are available to Columbus so long as it remains in compliance with the covenants of both its Senior Secured Notes and the Note Purchase Agreement which governs the Notes Facility. The amount available at 31 December 2013 was nil due to certain non-financial defaults referred to above (2012: USD101m, 2011: facility not in place). This facility was refinanced post year end.

4 The class B preferred shares have a cumulative coupon of 12 per cent. accruing semi-annually on 15 May and 15 November of every year. Of the 12 per cent. coupon, not less than two thirds of the payment shall be made in cash, any unpaid remainder, if any, shall be

accrued. If the minimum two thirds of the 12 per cent. coupon is not paid semi-annually, the entire amount of the dividend will accrue at 14 per cent. until paid in full.

The class B preferred shares shall be redeemed by the issuer at the redemption price on the fifth anniversary of the initial closing date. The term of the preferred shares will be five years unless (i) Columbus enters into any agreement that would prohibit the consummation of the mandatory redemption of the class B preferred shares; or (ii) Columbus incurs any material debt that has a maturity date beyond the previously stated five-year anniversary date. In the event that either (i) or (ii) above occur, then the maturity date will be extended to the earlier of (a) six months following the date at which the agreements referenced in (i) or (ii) above are terminated; and (b) the eighth anniversary of the original issuance. Upon notice, the shares may be converted, at the option of the holder, into common shares at a rate of the total face value of the shares outstanding divided by USD1.55, the conversion price.

Upon the occurrence of specified events (liquidation or change of control), the holder has the option to redeem the class B preferred shares at the redemption price: (i) 105 per cent. of the stated value if redeemed in the four years commencing on the date of original issuance; (ii) 101.5 per cent. of the stated value if redeemed in the twelve months commencing on the fourth anniversary of the date of the original issuance; and (iii) 100.0 per cent. of the stated value if redeemed at any time on or after the fifth anniversary of the date of original issuance.

At any time on or after the third anniversary of the date of original issuance, Columbus, with no less than 60 days' prior notice, has the right to redeem from the holder a specified whole number that is not less than 500 class B preferred shares at the applicable redemption price.

At maturity, Columbus shall redeem all class B preferred shares held, at the applicable redemption price.

The terms of the indenture governing the senior secured notes as outlined above contain covenants that restrict the ability of Columbus to pay dividends. As such, the remaining class B preferred shares will accrue at 14 per cent. until paid in full.

The cumulative redeemable preferred shares exhibit characteristics of both a liability and equity and are recognised as a liability in the consolidated balance sheet, as the equity component is not material. The corresponding dividends on those shares are charged as preferred share interest expense in the consolidated statement of income.

5 The fair value was determined based on discounted cash flows and are within level 2 of the fair value hierarchy.

3.2 Commitments, guarantees and contingent liabilities

(A) Commitments

A commitment is a contractual obligation to make a payment in the future. These amounts are not recorded in the consolidated statement of financial position since Columbus has not yet received the goods or services from the supplier. They have a number of commitments, mainly in relation to leases and agreements to buy fixed assets. The amounts below are the minimum Columbus is committed to pay.

(i) Capital Commitments

Columbus has an agreement for the implementation of a network monitoring system. Columbus expects to incur USD3m in 2014 and USD1m in 2015.

In 2012, Columbus Networks entered into an agreement with one of its customers, ("the Customer") whereby the Customer has transferred ownership to Columbus Networks of a subsea link it had constructed to connect Haiti to Columbus' Network (the "Haiti Link"). In exchange for transferring ownership, the Customer received capacity on the Haiti Link and other consideration, which is recorded as deferred revenue. Also as part of the agreement, each of Columbus Networks and the Customer are entitled to 50 per cent. of the revenue collected from the sale or lease of capacity on the Haiti Link until such time as the Customer has recovered the USD12m cost it incurred to construct the Haiti Link. Once the Customer recovers its construction costs Columbus Networks is entitled to all revenues generated from the Haiti Link into perpetuity thereafter. During the year, Columbus Networks recorded USD14,000 (2012 and 2011: nil) in revenue relating to the Haiti Link.

There were no commitments in respect of Columbus' associate investment.

(ii) Operating leases

The operating lease expenditure for each year is disclosed in note 1.3. Assets under operating leases relate to office space and equipment. The aggregate future minimum lease payments under operating leases are:

	31 December 2011	31 December 2012	31 December 2013
	USDm	USDm	USDm
No later than one year	15	18	17
Later than one year but not later than five years	42	43	52
Later than five years	11	10	2
Total minimum operating lease payments	68	71	71

(iii) Repair and maintenance agreement

On 22 October 2004, a subsidiary of Columbus Networks became a party to the Atlantic Cable Maintenance and Repair Agreement ("ACMA"). ACMA is a consortium of submarine cable systems that collectively share the standing costs of submarine cable system maintenance based on the number of kilometres of cable that comprises their respective cable system. The costs of repairing individual cable faults are in excess of the standing charges and are borne by the respective cable system. The original ACMA contract was twice renewed and recently extended for an additional period expiring on 31 December 2017. The subsidiary company's estimated annual minimum payments related to standing charges, net of any credits per contractual terms are approximately USD3m (2012:USD3m; 2011: USD3m). In connection with the maintenance contracts, Columbus Networks recorded repair and maintenance expense inclusive of cable repair costs of approximately USD3m for the year ended 31 December 2013 (2012: USD3m; 2011; USD1m). The amounts are reflected as a component of operating costs in the accompanying consolidated statement of income. In addition to the ACMA, Columbus Networks also paid cable repair costs to other third party contractors.

(iv) Regulations

In connection with the operation of ARCOS-1, Columbus Networks and its subsidiaries, in the ordinary course of business, are required to obtain and maintain various permits, telecommunications licenses and other authorisations in the United States and in certain foreign jurisdictions where ARCOS-1 lands and where Columbus Networks and its subsidiaries wish to sell capacity or to provide telecommunications services.

(v) Strategic alliance

Effective 13 May 2013, Columbus, through a wholly-owned subsidiary, entered into a strategic alliance with CWC to expand its international wholesale capacity business. The alliance will initially operate by providing joint sales and marketing services for each party. Columbus has a 72.5 per cent. share in, and management of the formal arrangement, and CWC has a 27.5 per cent. share.

Columbus and CWC each retained complete ownership and control of their existing networks.

(vi) Commitment to purchase

On 20 December 2013, Columbus, through a wholly-owned subsidiary, entered into an agreement, subject to certain regulatory approvals, to purchase 100 per cent. of the issued and outstanding shares of a telecommunications provider operating in Central and South America for cash consideration of USD146m.

(B) Contingent liabilities

Contingent liabilities are potential future cash outflows where the likelihood of payment is considered more than remote but is not considered probable or cannot be measured reliably.

(i) Music Copyright

A claim has been filed against a subsidiary by the Copyright Music Organization of Trinidad and Tobago ("CMOTT") (formerly Copyright Organisation of Trinidad and Tobago) for damages of copyright infringement related to musical works transmitted by the subsidiary. Columbus has recorded a provision of management's best estimate of the liability. The carrying amount of the provision is not disclosed as management believes doing so could prejudice the position of the entity. No provision has been recorded for an additional potential liability based on the proposed formula as outlined in the counterclaim filed by CMOTT. Columbus management believes the provision recorded in the financial statements is adequate.

(ii) Trinidad and Tobago Tax Dispute

In 2006, a subsidiary, Columbus Communications Trinidad Limited ("Columbus Trinidad"), acquired physical and intangible assets from Trinidad & Tobago Trans-Cable Company Unlimited ("T&T Trans-Cable"). In September 2012, T&T Trans-Cable (which is a wholly-owned subsidiary of Columbus) received various notices of assessment from the Board of Inland Revenue ("BIR") of the Government of the Republic of Trinidad and Tobago with respect to Columbus Trinidad's acquisition of these assets, raising a tax assessment for the sale of fixed and intangible assets on the grounds that the purchase price for the fixed and intangible assets represented income to T&T Trans-Cable, that the purchase price was a distribution to the T&T Trans-Cable shareholders, and that Value Added Tax was payable on the proceeds from the sale of the T&T Trans-Cable fixed assets.

Columbus Trinidad objected to the BIR assessments in October 2012. On 3 November 2014 received notice that BIR has rejected this objection; Columbus Trinidad intends to appeal this decision.

The Board believes that the BIR assessments are not in accordance with Trinidad and Tobago tax law; consequently they consider that it is only possible, not probable that the action by BIR will succeed and accordingly, no provision for any liability has been made.

3.3 Related party transactions

The related parties identified include shareholders and key management personnel.

(A) Transactions with shareholders

A loan was made to a shareholder and member of key management personnel as a share purchase loan. The balance at 31 December 2013 was USD3m (2012: USD3.5m; USD4.5m) and the loan is repayable upon disposition of the shares purchased and is presented as a reduction from issued share capital. The loan is secured by a pledge of the shares purchased with the loan and is repayable upon his resignation or termination, his personal bankruptcy or a sale of the shares purchased with the loan. In the event of a potential sale of such shares, the loan will be repayable only to the extent of the original purchase price of the shares.

Pursuant to his employment agreement with the Company, the principal is to be forgiven upon the Company's attainment of certain milestones. During the year USD0.5m (2012: USD1m, 2011: nil) of the loan was forgiven and was recorded as a long-term compensation expense.

The net amount due from a shareholder to Columbus was USD0.9m at 31 December 2013 (2012: USD1.2m; 2011: USD1.4m) in respect of early termination of a contract.

During the year ended 31 December 2013 Columbus reimbursed shareholders for travel costs of USD0.3m (2012: USD0.1m; 2011: USD0.3m).

(B) Transactions with key management personnel

In July 2011, Columbus, in lieu of paying cash for exercising EIP options, issued a note payable to a member of key management personnel. The balance due by Columbus was USD1.6m at 31 December 2013 (2012: USD2.4m; 2011: USD4m).The note is unsecured and bears interest at the IRS prescribed rate for imputed tax on interest-free loans. Interest is paid annually in arrears. The note is repayable as follows: July 2014: USD0.8m; July 2015: USD0.8m.

Columbus has in issue USD0.8m 14 per cent. Class B cumulative redeemable, retractable convertible preferred shares, the terms of which are more fully disclosed in note 3.1. These are held by a Director.

(C) Guarantees

There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2013, Columbus has not made any provisions (2012: nil; 2011: nil) for doubtful debts relating to amounts owed by related parties. This assessment will be undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Other than the parties disclosed above, the Columbus Group has no other material related parties.

3.4 Share-based payments

Columbus maintains an Equity Incentive Plan ("EIP"), established in 2009 and expiring in 2019, that permits the grant of various forms of stock-based compensation that could result in the issuance of common stock or cash payments valued in whole or in part by reference to, or otherwise based on the common stock of Columbus. A charge is recognised in the consolidated income statement to record the cost of these, based on the fair value of the award.

(A) Equity incentive plan

A maximum of 25,000,000 common shares can be issued pursuant to the EIP.

As at 31 December 2013, only options to purchase common shares of Columbus have been issued under the plan. The holder may exercise vested options at any time. Columbus may elect to cash settle an exercised option for a payment based on the fair market value ("FMV") of the common stock of Columbus at the time of the exercise.

At 31 December 2013 there were three types of options that had been granted under the EIP: Type 1, with an exercise price of USD0.01, Type 2, with an exercise price of USD2.00, and Type 3 with an exercise price of USD3.02. The cash settled payout for the Type 1 option holders would be the greater of USD2.00 per share and FMV.

The fair value of the option grant is measured at the grant date using the Black-Scholes Approach taking into account the terms and conditions upon which the instruments were granted. The services received and a liability to pay for those services is recognised in profit or loss over the vesting period. The maximum vesting period for the options is 10 years.

Until the liability is settled, it is re-measured at each reporting date with changes in fair value recognised in profit or loss.

In addition, the EIP permits the grant of DERs which grant the plan participant the right to receive an amount equal to the cash dividends paid on one common share for each common share represented by an award held by such participant.

During the year, Columbus issued no Type 1 options (2012: nil; 2011: 2,641,710), 175,000 Type 2 options (2012: 545,000; 2011: 5,425,000) and 395,000 Type 3 options (2012: nil; 2011: nil).

Also during the year, holders exercised 225,000 Type 1 options (2012: 2,419,784; 2011: 389,500). Columbus elected to make cash payments totalling USD0.6m (2012: USD2.4m; 2011:USD0.8m) related to 1,047,165 options and issued 1,372,619 common shares of Columbus related to the remaining options. The weighted average exercise price per unit was USD2.87 (2012: USD2.30; 2011: USD2.00).

The carrying amount of the liability as at 31 December 2013 is USD18.6m (2012: USD17.7m; 2011: USD19.7m).

The following table outlines the vesting schedule of the issued share options:

31 December 2013	Fully vested	2014	2015	2016	2017	Total
Number of shares	‘000	‘000	‘000	‘000	‘000	‘000
Type 1 options	4,662	95	35	15	-	4,807
Type 2 options	7,015	1,247	1,144	139	35	9,580
Type 3 options	-	-	237	79	79	395
Total	11,677	1,342	1,416	233	114	14,782

3.5 Events after the reporting period

(A) Promitel acquisition

Details of the acquisition are disclosed in note 1.4. No adjustments have been made to this financial information as a result of this acquisition.

(B) Refinancing and redemption of 2014 senior secured notes and the senior unsecured notes facility

Details of the refinancing are disclosed in note 3.1. No adjustments have been made to this financial information as a result of the refinancing.

(C) Dividend

On 11 April 2014, Columbus Group paid dividends of USD95m and USD4m of dividend equivalent rights to option holders. This financial information does not reflect the dividend which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ended 31 December 2014, nor the dividend equivalent rights which will be accounted for as an operating expense in the year ended 31 December 2014.

(D) Disposal of interest in associate

Effective 1 September 2014, the Company disposed of its equity investment in UXP Systems Inc. to related parties for USD8m and realised a gain of USD4m.

Appendix II - Lock-Up and Put Option Arrangements

At Completion, CWC will enter into lock-up and put option agreements with the Principal Vendors in respect of their holdings of Consideration Shares (the “Put Option Deeds”).

Under the terms of the Put Option Deeds, the Consideration Shares issued to the Principal Vendors will be subject to lock-up arrangements, an exception to which will enable each of them to require CWC to purchase for cash up to a certain number of its Consideration Shares each year from 2016 to 2019 inclusive at USD0.7349 per share (such right of each Principal Vendor each year being a “Put Option” and the maximum number of shares that a Principal Vendor can require CWC to purchase under a Put Option in each year being the “Relevant Annual Put Shares”).

The governing law of the Put Option Deeds is English law.

1. *Lock-up*

Other than in respect of the exercise of its Put Option over the Relevant Annual Put Shares and the disposals permitted in the Permitted Sale Period each year (see below under “Disposals in Permitted Sale Periods”), each Principal Vendor is subject to a lock-up in respect of all of its Consideration Shares until two months after the exercise window for the Put Options has closed in 2019 (the “Restricted Period”) save as set out below.

As set out below under “Disposals outside Permitted Sale Periods from 2017”, after the end of the Permitted Sale Period in 2017, each Principal Vendor will be permitted to dispose of Consideration Shares outside of Permitted Sale Periods (subject to orderly marketing arrangements with CWC), subject as set out below and, in particular, to its future Put Options immediately ceasing to have effect and becoming incapable of exercise if it does so dispose of any Consideration Shares.

There is an exception to the lock-up permitting the grant of security over Consideration Shares to a third party lender, provided that, prior to the grant of the security, the lender acknowledges to CWC in writing that, if the security is enforced, the relevant Consideration Shares will be subject to the terms of the Put Option Deed. In addition, the Principal Vendor is permitted to accept a general offer in respect of any of the Consideration Shares made to all CWC’s shareholders in accordance with the UK Takeover Code on terms which treat all such holders equally (whether by way of takeover offer, scheme of arrangement or otherwise) and which has been recommended by the Board.

2. *Voting requirements*

All Consideration Shares held by each Principal Vendor are to be voted at all shareholder meetings in line with the recommendation of the Board until the end of the Restricted Period, other than in relation to any resolutions (i) which, if implemented, would be a breach of or be otherwise inconsistent with the terms of the Put Option Deed or Share Purchase Agreement, or (ii) to implement a scheme of arrangement in respect of a takeover offer made for CWC that has been recommended by the Board.

3. *Put Options*

Each Put Option will be exercisable, in respect of some or all of the Relevant Annual Put Shares to which it relates, in the first 14 days following CWC’s preliminary results announcement in the relevant year (not counting any period during which CWC is in a “prohibited period” for the purpose of the UK Model Code).

Completion of the sale and purchase of any Consideration Shares will take place within 60 days of exercise, but no earlier within that period than the record date for any dividend proposed in the relevant preliminary results announcement.

The maximum number of Consideration Shares that the Principal Vendors may, in aggregate, require CWC to purchase under the Put Options in each year are limited. Save as described below, the maximum number of Consideration Shares that the Principal Vendors may, in aggregate, require CWC to purchase under the Put Options in each year are limited as follows:

Year	**Number of Consideration Shares**
2016	379,656,810
2017	379,656,810
2018	471,629,477
2019	326,586,508

4. *Disposals in Permitted Sale Periods*

If a Put Option is not exercised, or is not exercised in full, then in any year each Principal Vendor will be permitted to sell in the market (subject to orderly market arrangements with CWC) up to the balance of its Relevant Annual Put Shares for that year, in the first 60 days following the closing of the exercise window (not counting any period during which CWC is in a prohibited period) (the “Permitted Sale Period”).

In any year, if a Principal Vendor does not exercise its Put Option or does not exercise it in full, and if, in the Permitted Sale Period for those Relevant Annual Put Shares it does not dispose of all of the Relevant Annual Put Shares, it may “carry over” some or all of those Relevant Annual Put Shares and dispose of them in any subsequent Permitted Sale Period (subject to orderly market arrangements with CWC) (“Carried Over Shares”). The Carried Over Shares may be disposed of in a Permitted Sale Period in addition to any shares permitted to be disposed of in that Permitted Sale Period.

5. *Disposals outside Permitted Sale Periods from 2017*

With effect from the end of the Permitted Sale Period in 2017, each Principal Vendor will be permitted to dispose of any Consideration Shares outside a Permitted Sale Period (subject to orderly market arrangements with CWC).

However, if it does so dispose of any Consideration Shares outside a Permitted Sale Period, all its future Put Options will immediately cease to have effect and will not be capable of exercise.

6. *Right to propose a director*

If it does not dispose of any Consideration Shares outside of the Permitted Sale Periods, a Principal Vendor shall have the continuing right to propose the appointment of one director from time to time to the Board, until the later of the expiry of the Restricted Period and its holding of CWC Shares falling below 10 per cent. of CWC’s total issued share capital (unless, in the case of Brendan Paddick, such director is Brendan Paddick in which case he would remain on the Board until the expiry or termination of his letter of appointment). If a Principal Vendor disposes of any Consideration Shares outside of the Permitted Sale Periods, it shall have the continuing right to propose the appointment of one director from time to time to the Board until its holding of CWC Shares falls below 10 per cent. of the CWC’s total issued share capital (or, if at the time the Principal Vendor so disposes of Consideration Shares its holding is already below 10 per cent., this continuing right shall cease on the date of the disposal, save in respect of Brendan Paddick as set out above).

The Proposed Directors – John Risley, Brendan Paddick and Thad York – who will be directors of CWC following Completion, were proposed by Clearwater, Brendan Paddick and CHLLC respectively.

Each Principal Vendor may from time to time remove any director initially proposed by it, and may propose a replacement to the Chairman of the Board, for consideration by the Nominations Committee of CWC. Prior to any request for removal of its representative or proposal of a replacement, the Principal Vendor will consult with the Chairman of CWC’s board in advance and, if a replacement is proposed, consult in relation to the identity and suitability of the proposed replacement. The Principal Vendor, acting reasonably and in good faith, will have regard to any comments made by the Chairman of the Board. The Nominations Committee of CWC shall not unreasonably withhold or delay its recommendation to the board to appoint any replacement director proposed by a Principal Vendor.

7. *Future share issues*

CWC has agreed with the Principal Vendors that, subject to certain exceptions, prior to the end of the Restricted Period, it will not issue CWC Shares for cash other than by way of a pre-emptive issue or an issue in which each Principal Vendor is otherwise offered the opportunity to participate as nearly as possible on a pro rata basis to its then-current shareholding in CWC.

8. *Change of control or ownership of a Principal Vendor*

If a change of control or ownership of a Principal Vendor occurs, its Put Option Deed will immediately cease to have effect, save that the Principal Vendor will remain subject to the lock-up arrangements and the voting requirements, which will each continue to apply until the end of the Restricted Period.

Appendix III – Profiles of Proposed Directors

(A) John Risley

Mr. Risley has been a member of Columbus' board of directors since 2004. Mr. Risley is a director of Clearwater Seafoods Inc. (TSX:CSI) and President of Clearwater Fine Foods Inc. Mr. Risley served on the Board of Directors of Persona Communications from 2002 to 2004. Mr. Risley is a member of the board of directors of numerous private and public companies including FP Resources Limited Clearwater Seafoods Limited. He was also the founder of Ocean Nutrition Canada. Mr. Risley is very active in community affairs, sitting on the Board of a number of charitable organisations. He is Chair of the Canadian Youth Business Foundation and co-Chair of the Capital Campaign for the Nature Conservancy. He regularly engages in public policy debate, is Chairman of the Atlantic Institute of Market Studies, a member of the World Presidents' Organization, The Chief Executives Organisation and is a director of the Canadian Council of Chief Executives. He is also a graduate of Harvard University's President's Program in Leadership. He was named an Officer of the Order of Canada and was inducted into the Nova Scotia Junior Achievement Business Hall of Fame in 1997. He has received numerous awards, including Atlantic Canadian Entrepreneur of the Year and a Canada Award for Business Excellence in Entrepreneurship. He is a member of the New York Yacht Club and the Royal Ocean Racing Club.

(B) Brendan Paddick

Mr. Paddick founded Columbus in 2004 and has been president and chief executive officer since inception and has also been a member of Columbus' board of directors since 2004. He is also the chief executive officer of all of Columbus' operating subsidiaries. From April 1992 to August 2004, Mr. Paddick was President and CEO of Persona Inc. and Persona Communications Inc. Persona provided cable television, digital cable, high-speed Internet, commercial data and telecom services to a diverse base of residential and commercial customers in seven Canadian provinces. Mr. Paddick currently serves on the board of directors of Clearwater Seafoods Inc. (TSX:CSI). He served on the board of directors of Caribbean Cable Television Cooperative from 2005 to 2012 and is a past Chair of the board of directors of the Caribbean Cable and Telecommunications Association. Mr. Paddick served as a Member of the Board of Regents of Memorial University of Newfoundland for six years. In 2013, Mr. Paddick was named Memorial University's Alumnus of the Year. Mr. Paddick was also a member of Industry Canada's National Broadband Task Force in 2001, a government initiative to shape the country's roll out of ubiquitous broadband access. In 2006, Mr. Paddick was appointed Honorary Consul for Canada to The Bahamas by the Canadian Department of Foreign Affairs and International Trade and was subsequently reappointed in 2009 and 2012. Mr. Paddick graduated from Memorial University of Newfoundland with a Bachelor of Commerce degree and a Master of Business Administration degree. Mr. Paddick also graduated from the Advanced Management Program at Harvard University. Mr. Paddick is a Canadian citizen and a permanent resident of The Bahamas.

(C) Thad York

Mr. York was proposed by CHLLC to be a director of CWC following Completion. He is the President, General Manager, and Director of numerous geographically diverse and various personal business entities controlled by John C. Malone. Mr Malone has a very large and diverse portfolio of investments, including holdings of between 2 per cent. and 5 per cent. of the issued shares and between 25 per cent. and 45 per cent. of the voting interests in Liberty Media Corporation, Liberty Global plc, Discovery Communications, Inc., Liberty Interactive Corporation, Starz, LLC, Liberty Trip Advisor Holdings, Inc., and Ascent Capital Group, Inc..

Liberty Media Corporation owns interests in a broad range of media, communications and entertainment businesses. Those interests include subsidiaries SiriusXM, Atlanta National League Baseball Club Inc., and True Position Inc., interests in Charter Communications and Live Nation and minority equity investments in Time Warner Cable, Time Warner Inc., and Viacom. Liberty Interactive Corporation owns interests in subsidiaries and other companies that are primarily engaged in the video and digital commerce industries. Liberty Global plc is the largest international cable company with operations in 14 countries; its consumer brands include Virgin Media, UPC, Unitymedia, Kabel BW, Telenet, VTR, and Liberty Puerto Rico. Starz, LLC is a leading integrated global media and entertainment company with operating units that provide premium subscription video programming on domestic pay television channels in the United States, global content distribution and animated television and movie production.

Prior to his current roles, Mr. York held senior positions at Telecommunications Inc. ("TCI") and TCI International that ranged from operations to finance in TCI's cable TV business. He started in the cable television business as an installer for TCI while attending college. Mr. York graduated from the University of Wyoming with a degree in finance, and received his Masters of Business Administration from the University of Denver.

(D) General

There is no other information required to be disclosed in respect of Mr. Risley's, Mr. Paddick's or Mr York's appointment under LR 9.6.13R of the Listing Rules.

Appendix IV – Letters of appointment of Proposed Directors

The Proposed Directors will be non-executive directors and therefore will not have service contracts with CWC, but instead letters of appointment in substantially the same form as CWC's existing non-executive directors. Their fees will be determined by the Board at the same time as the other non-executive directors of CWC. The Proposed Directors will be appointed for an initial three-year term and thereafter may be extended on an annual basis. Appointments will be subject to re-election at the AGM in accordance with the UK Corporate Governance Code. None of the Proposed Directors will be entitled to any compensation (other than accrued fees) if their appointment is terminated.

Appendix V – Columbus Management

Executive	Age*	Position
Brendan Paddick	49	president and chief executive officer
Maxwell Parsons	54	chief financial officer
Richard Hugh	39	vice president, corporate development and investor relations
John Maduri	52	president, Columbus Business Solutions
Paul Scott	58	president and chief operating officer of Columbus Networks
Peter Collins	52	chief technology officer, Columbus Networks
John Reid	51	president and chief operating officer of Columbus Communications
Darren Richer	44	chief technology officer, Columbus Communications
Michele English	49	chief customer officer, Columbus Communications
André Foster	43	chief information technology officer, Columbus Communications

*As of 31 December 2013

Appendix VI – Quantified Financial Benefits Statement

The announcement contains synergy statements at section 5C (the "Quantified Financial Benefits Statement").

A copy of the Quantified Financial Benefits Statement is set out below:

"The Board estimates that, as a result of the Acquisition, the Enlarged Group will be able to achieve recurring annualised pre-tax cost synergies of approximately USD85m which are expected to be delivered in full in the financial year 2017/18 and one-time capital expenditure synergies of approximately USD145m in the first three financial years following completion of the Acquisition, with additional revenue benefits also available.

Recurring cost synergies

Substantial cost synergies have been identified across the following areas:

- *Duplication of corporate costs and functional overheads (approximately USD50m): rationalisation of overlapping headcount in back office, sales and marketing and customer service roles, renegotiation of vendor rates, reduction of real estate costs and harmonisation of IT systems; and*
- *Integration of networks and TV content (approximately USD35m): transition to Columbus' fixed line fibre network where network overlaps, renegotiation of maintenance fees, consolidation of network and service operating centres and leverage of Columbus' superior TV content buying terms and access to greater economies of scale.*

The Board expects that the Enlarged Group will benefit from approximately 45 per cent. of these synergies by end of year 1, 85 per cent. by end of year 2 and 100 per cent. by end of year 3.

It is expected that the realisation of these synergies will incur one-off cash costs of USD110m over the first three financial years after the Acquisition. Other than these one-off costs which are expected to be split approximately 45 per cent., 40 per cent. and 15 per cent. over the three years, the Board do not anticipate any material dis-synergies to arise as a consequence of the proposed transaction.

One-off capex synergies

In addition the Board estimates the Enlarged Group will benefit from one-time synergies of approximately USD145m related to avoidance of duplicative one-off capital expenditure through network consolidation in the overlapping markets where CWC has established investment plans (Project Marlin) and Columbus already has existing network infrastructure. Such synergies are expected to be split 35 per cent., 40 per cent. and 25 per cent. over the first three financial years following completion of the Acquisition.

The quantified synergies are contingent on completion of the Acquisition and the Board believes the financial benefits will accrue as a direct result of the Acquisition and could not be achieved independently.

Other growth opportunities

In addition to the quantified financial benefits highlighted above, the Board further expects that the Enlarged Group will be able to realise additional revenue synergies from selling additional services to existing customers through cross-selling of triple play and quad play bundles, improving CWC's pay-TV offering in non-overlapping markets, improved network quality reducing customer churn and an enhanced B2B and B2G offering.

Further potential benefits of the Acquisition will include: sharing of best practices in non-overlapping markets, improved customer experience, and expansion into new markets (both B2C and B2B) where only one of CWC or Columbus is currently present."

Key assumptions and sources of information

In preparing the Quantified Financial Benefits Statement, CWC has used an experienced team of senior personnel from across its business, assisted by external advisors, and with the collaboration of Columbus senior management. CWC and Columbus shared certain operating and financial information to facilitate a detailed analysis in support of evaluating the potential synergies available from the Acquisition. CWC's team has used CWC's experience of previous transformation programmes, in particular in relation to its ongoing USD100m run-rate cost reduction programme targeted for the financial year 2014/15, Columbus' experience of acquisitions, its own market intelligence and experience and its knowledge of CWC's similar businesses to assess the expected savings. CWC has planned a structured integration programme, with the support of external advisors, in order to capture the strategic and operational upsides from the Acquisition.

In arriving at the estimate of synergies set out in this announcement, the directors of CWC have made the following principal assumptions:

- The Columbus fixed line network continues to offer the required capacity and reach to support the additional traffic that will come from the inward migration of CWC's subscribers;

- There are no restrictions or delays imposed by industrial relations or employment agreements that affect the realisation of savings from removal of overlapping headcount;
- All relevant regulatory consents are obtained without material negative impact on CWC and Columbus' commercial environment and the conditions precedents are satisfied in time to enable completion of the transaction in Q1 2015;
- There is no adverse consumer reaction that has a corresponding impact upon market share as a consequence the proposed transaction;
- The management team of Columbus is retained to support the integration and running of the integrated business;
- There will be no material change to macroeconomic, political or legal conditions in the markets or regions in which CWC and Columbus operate that materially impact on the successful realisation of the synergies or the one off costs to achieve these benefits; and
- There will be no significant impact on the existing underlying operations of either business, including as a result of or in connection with the Acquisition.

The directors of CWC consider that the expected benefits will only accrue in the manner set out above as a direct result of Columbus being combined with CWC and coming under the control of CWC's management and could not be achieved in this form independently of the Acquisition.

Reports

As required by Rule 28.1(a) of the UK Takeover Code, Ernst & Young LLP ("EY"), as reporting accountants to CWC, have provided a report stating that, in their opinion, the Quantified Financial Benefits Statement has been properly compiled on the basis stated. In addition, Evercore Partners International LLP ("Evercore"), as financial adviser to CWC, has provided a report stating that, in its opinion, the Quantified Financial Benefits Statement has been prepared with due care and consideration.

Copies of these reports are included in Appendix VII and VIII. Each of EY and Evercore has given and has not withdrawn its consent to the publication of its report in the form and context in which it is included.

Notes:

1. The statements of estimated cost savings and synergies relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the cost savings and synergies referred to may not be achieved, or may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated.
2. Due to the scale of the Enlarged Group, there may be additional changes to the Enlarged Group's operations. As a result, and given the fact that the changes relate to the future, the resulting cost savings may be materially greater or less than those estimated.
3. No statement should be construed as a profit forecast or interpreted to mean that the Enlarged Group's earnings in the first full year following the Acquisition, or in any subsequent period, would necessarily match or be greater than or be less than those of CWC and/or Columbus for the relevant financial period or any other period.

Appendix VII - Report from reporting accountant on quantified financial benefits statement

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

6 November 2014

Evercore Partners International LLP
15 Stanhope Gate
London
W1K 1LN

Attention: Julian Oakley, Senior Managing Director

Dear Sirs

We refer to the statement regarding the estimate of cost savings and revenue synergies ("the Statement") made by Cable & Wireless Communications Plc ("the Company"). The Statement, including the relevant bases of belief (including sources of information) is set out on page 14 and Appendix VI of the Announcement (the "Document") issued by the Company dated 6 November 2014. This report is required by Rule 28.1(a)(i) of The City Code on Takeovers and Mergers (the "City Code") and is given for the purpose of complying with that rule and for no other purpose.

Save for any responsibility that we may have to those persons to whom this report is expressly addressed, and for any responsibility arising under Rule 28.1(a)(i) of the City Code to any person and to the extent there provided, 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 Rule 23.3(b) of the City Code consenting to its inclusion in the Announcement.

Responsibility

It is the responsibility of the directors of the Company ("the Directors") to prepare the Statement in accordance with the requirements of the City Code.

It is our responsibility to form an opinion as required by City Code as to the proper compilation of the Statement and to report that opinion to you.

It is the responsibility of Evercore to form an opinion as required by the City Code as to whether the Statement has been prepared with due care and consideration.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting 1000 (Investment Reporting Standards applicable to all engagements in connection with an investment circular) issued by the Auditing Practices Board in the United Kingdom. We have discussed the Statement together with the relevant bases of belief (including sources of information and assumptions) with the Directors and with Evercore. Our work did not involve any independent examination of any of the financial or other information underlying the Statement.

Since the Statement and the assumptions on which it is based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual results reported will correspond to those shown in the Statement and differences may be material.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in 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 Statement has been properly compiled on the basis stated.

Yours faithfully

Ernst & Young LLP

Appendix VIII - Report from financial adviser on quantified financial benefits statement

Report from Evercore
The Board of Directors
Cable & Wireless Communications Plc
3rd Floor
26 Red Lion Square
London
WC1R 4HQ

6 November 2014

Dear Sirs,

Recommended acquisition of Columbus International Inc. ("Columbus") by Cable & Wireless Communications Plc ("CWC")

We refer to the Quantified Financial Benefits Statement, the bases of belief thereof and the notes thereto (together, the "Statement") as set out in Appendix VI of this announcement, for which the directors of CWC ("the Directors") are solely responsible under Rule 28 of the City Code on Takeover and Mergers (the "Code").

We have discussed the Statement (including the assumptions and sources of information referred to therein), with the Directors and those officers and employees of CWC who developed the underlying plans. The Statement is subject to uncertainty as described in this announcement and our work did not involve an independent examination of any of the financial or other information underlying the Statement.

We have relied upon the accuracy and completeness of all the financial and other information provided to us by CWC, or otherwise discussed with us, and we have assumed such accuracy and completeness for the purposes of providing this letter.

We do not express any opinion as to the achievability of the quantified financial benefits identified by the Directors.

We have also reviewed the work carried out by Ernst & Young LLP and have discussed with them the opinion set out in Appendix VII of this announcement addressed to yourselves and ourselves on this matter.

This letter is provided to you solely in connection with Rule 28.1(a) (ii) of the Code and for no other purpose. No person other than the Directors can rely on the contents of this letter and to the fullest extent permitted by law, we exclude all liability to any other person, in respect of this letter or the work undertaken in connection with this letter.

On the basis of the foregoing, we consider that the Statement, for which you, as Directors are solely responsible, has been compiled with due care and consideration.

Yours faithfully,

Evercore Partners International LLP

Appendix IX – Risk factors

1. Risks relating to the Acquisition, the Scheme, if required, and the Consideration Shares

(A) *There are risks that the Acquisition and, if required, the Scheme will not be implemented on a timely basis or at all*

Implementation of the Acquisition is conditional upon, among other things, the passing of the required resolutions at the general meeting by no later than 12 December 2014, certain regulatory approvals in Barbados, Jamaica and Trinidad and Tobago, the completion of the US Carve-Out and no material adverse change having occurred. There is a risk that the conditions to the Acquisition will not be satisfied on a timely basis or at all. If such conditions are not satisfied, or, where applicable, waived, the Acquisition will not be implemented or the implementation of the Acquisition may be delayed and the benefits expected to result from the Acquisition will not be achieved.

The Acquisition, because of its size in relation to CWC, is a Class 1 transaction for CWC under the Listing Rules and is therefore conditional, amongst other things, upon the approval of a majority exceeding 50 per cent. of votes cast at the general meeting.

Implementation of the Scheme, if applicable, is conditional upon, among other things, the Scheme having been sanctioned by the High Court of Justice of England and Wales and the special resolution to approve certain matters to give effect to the Scheme having been duly passed at the general meeting by a majority of not less than 75 per cent. of votes cast. If a Scheme is required for the completion of the Acquisition and the conditions for implementation of the Scheme are not satisfied within the stated deadlines, the Scheme and the Acquisition will not be implemented and the benefits expected to result from the Acquisition will not be achieved.

(B) *The Share Purchase Agreement reflects a competitive auction process with limited protections provided to the Company by the Vendors*

The disposal of Columbus by the Vendors was carried out by means of a competitive auction process involving the Company and, the Company understands, other bidders. Accordingly, the warranties and other purchaser protections given by the Vendors in the Share Purchase Agreement are limited and may not cover all potential liabilities associated with the Columbus Group, whether identified or unidentified. The liability of the Vendors is also limited in time and amount. Accordingly, the Company may not have recourse against, or otherwise be able to recover from, the Vendors in respect of material losses which it may suffer in respect of a breach of those warranties or otherwise in respect of liabilities of the Columbus Group.

The Company would also be dependent on the financial position of the Vendors in the event that it were able and sought to recover amounts in respect of claims brought under such warranties. In addition, the Company's ability to undertake due diligence on the Columbus Group was limited and the Columbus Group may have material liabilities which have not been identified by the Company and in respect of which the Vendors have not given warranties. If such material liabilities arose and it was not possible to make a claim under the warranties in respect thereof, or if any losses could not be recovered in respect of claims under the warranties, this could adversely affect the Enlarged Group's business, results of operations, financial conditions and prospects.

(C) *US antitrust approval may not be forthcoming or conditions may be imposed*

Completion of the Acquisition is conditional upon, among other things, approval from the US antitrust authorities under the Hart-Scott-Rodino Act, and relevant authorities in Barbados, Jamaica and Trinidad and Tobago. If any of these approvals is not forthcoming from the relevant authorities or those authorities impose conditions on obtaining approval, the Acquisition may be delayed or may not be completed. The relevant authorities may also impose conditions on Completion or require changes to the terms of the Acquisition, which under the terms agreed CWC is required to accept and which could individually or collectively have a material adverse impact on the value of the Acquisition, the synergy benefits of the Acquisition or cause the parties to abandon the Acquisition.

(D) *Regulatory approvals required in respect of the US Carve-Out Entities may not be obtained, may be delayed and conditions may be imposed*

The completion of the acquisition of the US Carve-Out Entities is conditional upon obtaining regulatory approvals from the relevant authorities in the US. If those approvals are not forthcoming, the transfer to the Enlarged Group of the Columbus licensed business in the US will not occur, notwithstanding that the consideration payable for the Acquisition is paid by CWC in full at Completion. Those approvals may also be delayed and the relevant authorities may impose conditions on the transfer of those businesses to the Enlarged Group or require changes to the terms of such transfer. Such delay or failure to complete those transfers, or changes to them, could individually or collectively have a material adverse impact on the value of the Acquisition to CWC, the synergy benefits of the Acquisition or cause CWC not to acquire the relevant businesses.

(E) *Regulatory notifications and/or approvals in other jurisdictions may not be obtained or regulators in other jurisdictions may seek to intervene*

Completion of the Acquisition is not conditional on the obtaining of regulatory approvals in jurisdictions outside the US, Barbados, Jamaica or Trinidad and Tobago. However there are a number of jurisdictions in respect of which regulatory notifications and/or approvals may be required. The relevant authorities in these jurisdictions may impose conditions on the giving of such approval (if required), may decline to give approval or may seek to otherwise intervene in relation to the Acquisition. Such refusal to give approval, the imposition of conditions or interventions could result in delays, financial penalties, suspension or removal of the relevant operating licence, or the imposition of unfavourable conditions in respect of those jurisdictions. These could individually or collectively have a material adverse impact on the value of the Acquisition to CWC or cause the Enlarged Group to lose the benefit of the Acquisition in respect of those jurisdictions.

(F) *Third parties may, or may seek to, disrupt, delay or prevent the Acquisition or the necessary regulatory approvals being granted*

There is a risk that competitors, customers and other third parties may seek to intervene in relation to the Acquisition by way of submissions to regulatory authorities, court processes or otherwise. Such interventions may disrupt, delay or prevent the completion of the Acquisition or the subsequent transfer of the US Carve-Out Entities to the Enlarged Group and may result in regulators not approving the Acquisition or imposing conditions for approval of the Acquisition, or the subsequent transfer of the US Carve-Out Entities to the Enlarged Group, to cater for the concerns or objections of such competitors, customers and other third parties. The intervention of third parties could individually or collectively have a material adverse impact on the value of the Acquisition or cause the Acquisition, or the subsequent transfer of the US Carve-Out Entities to the Enlarged Group, not to be completed.

(G) *Synergy benefits resulting from the Acquisition may fail to materialise or be materially lower than have been estimated*

CWC believes the combination of the businesses of CWC and Columbus will achieve significant operational cost savings for the Enlarged Group. However, there is a risk that the projected synergy benefits will fail to materialise, including if completion of the Acquisition and subsequent transfer of the US Carve-Out Entities is not completed as contemplated, or that they may be materially lower than have been estimated, which would have a significant impact on the profitability of the Enlarged Group in the future. In addition, the expected synergy benefits resulting from the Acquisition may be materially lower than expected if the Enlarged Group's relationships with customers, suppliers and other partners of the CWC Group and the Columbus Group is adversely affected as a result of the Acquisition, including if customers terminate their custom with the Enlarged Group, or suppliers and other partners terminate or wish to renegotiate their collaboration with the Enlarged Group, as a result of the Acquisition.

(H) *Integration of the Columbus Group into the CWC Group may be more time consuming and costly than expected and unforeseen difficulties may arise*

The integration process following the completion of the Acquisition may be complex. Successful integration will require a significant amount of management time and may affect or impair the ability of the management team of the Enlarged Group to run the business effectively during the period of integration. If the integration process proves more difficult than is being anticipated or if completion of the Acquisition and subsequent transfer of US Carve-Out Entities is not completed as contemplated, there is a risk to the operations of the Enlarged Group.

The integration of the Columbus Group into the CWC Group exposes, if the Acquisition is completed, the Enlarged Group to:

- Non-transfer of the US Carve-Out Entities: The subsequent transfer of the US Carve-Out Entities may not be completed as contemplated, including if required regulatory consents are not obtained. If the US Carve-Out Entities are not transferred to the Enlarged Group, the Enlarged Group will not be able to integrate the operations of the US Carve-Out Entities into the Enlarged Group.

- Increased exposure to certain foreign currencies: The CWC Group and the Columbus Group are and, if the Acquisition is completed, the Enlarged Group will be generally exposed to fluctuations in the currencies of the markets in which they operate. If the Acquisition is completed, the Enlarged Group will have increased exposure to Trinidad and Tobago dollars and Jamaican dollars. From 1 January 2013 to 31 December 2013, the Jamaican dollar experienced an approximate 12.6 per cent. decline in relation to the US dollar. If the value of the Jamaican dollar was to fall again against the US dollar or if the Trinidad and Tobago dollar was to fall significantly against the US dollar, the financial condition and results of operations of the Columbus Group and, if the Acquisition is completed, the Enlarged Group could be adversely affected. Further devaluation in the Jamaican dollar or devaluations in the Trinidad and Tobago dollar could also adversely affect the value, translated or converted into US dollars or otherwise, of the Columbus Group and, if the Acquisition is completed, the Enlarged Group.

  In addition, if the Acquisition is completed, the Enlarged Group will have increased exposure towards certain currencies currently pegged to the US dollar, such as Barbados dollars. If the peg is readjusted or the currency in question is no longer pegged to the US dollar, the Enlarged Group's exposure to fluctuations in such currency will be increased.

- Increased exposure to foreign exchange controls: If the Acquisition is completed, the Enlarged Group will have greater exposure to Jamaican dollars and Trinidad and Tobago dollars. These jurisdictions may limit their ability to exchange local currency for US dollars and some of these exchange controls could restrict the ability of the CWC Group, the Columbus Group and, if the Acquisition is completed, the Enlarged Group to pay interest and dividends and repay loans by exporting cash, instruments of credit or securities in such foreign currencies. In addition, in these jurisdictions the export of cash in local currencies may be restricted or it may be difficult to convert large amounts of local currency into foreign currency because of limited foreign exchange markets. There can be no assurance that additional foreign exchange control restrictions will not be introduced in the future or that the ability of CWC, Columbus and, if the Acquisition is completed, the Enlarged Group to receive funds from their subsidiaries in Jamaica and Trinidad and Tobago will not subsequently be restricted. A successful integration of the Columbus Group into the CWC Group is dependent on the Enlarged Group's ability to secure an upstream cash flow from the Columbus Group, and foreign exchange controls may adversely affect the upstream cash flow within the Enlarged Group.

- Retention of key staff: The success of the Enlarged Group will in part depend on its ability to retain, but also attract hire and train qualified management as well as qualified technical and sales personnel. In the course of the integration process, key staff may leave the Enlarged Group and possibly commence or join competing activities. The inability to retain key staff could impair the ability of the Enlarged Group to properly execute the integration of the Columbus Group with the Enlarged Group.

- Integration of employee groups: The merger of the employee groups of the CWC Group and the Columbus Group will include, amongst other things, integration of unionised and non-unionised employees, restructuring of staff structures and possibly harmonisation of employment terms. Such merger and integration may result in labour related actions and employees terminating their employment with the Enlarged Group which may in turn disrupt the integration process.

- Disruption or failure of networks: The integration of the Columbus Group into the CWC Group may cause disruptions or failures in the network and IT systems of the Enlarged Group. Such disruptions or failures could damage the reputation of the Enlarged Group, result in loss of customers and revenues and may adversely affect the integration process. In addition, integration of the networks and IT systems of the Columbus Group into the CWC Group could be subject to risks caused by misappropriation, misuse, leakage and accidental release or loss of information maintained in the IT systems and networks, which may be in breach of personal data legislation, and which may result in loss of customers, customer dissatisfaction or financial claims.

In addition, the integration may take longer than is expected, or difficulties relating to the integration, including of which the Board are not yet aware, may arise. In such circumstances, the profitability of the Enlarged Group might be detrimentally affected, which could have a negative impact on the price of the CWC Shares as well as a material adverse effect on the business, financial condition and result of operations of the Enlarged Group.

(I) *If the consent of SIFL is not obtained, completion of the Acquisition will be subject to implementation of the Scheme*

As part of the Acquisition, consent will be sought from SIFL, which will enable CWC to acquire Columbus on the terms set out in the Share Purchase Agreement. If consent is not obtained, the Acquisition will become conditional on the implementation of the Scheme delaying Completion until the Scheme has been duly implemented and implying additional transaction costs and transaction risk in relation to the approval and implementation of the Scheme.

(J) *Change of control provisions in the CWC Group's and the Columbus Group's agreements may be triggered upon Completion and may lead to adverse consequences*

Each of the Columbus Group and the CWC Group may be party to contracts, agreements and instruments that contain change of control provisions that may be triggered upon Completion. Agreements with change of control provisions typically provide for, or permit the termination of, the agreement upon the occurrence of a change of control of one of the parties. Usually these provisions, if any, may be waived with the consent of the other party, and CWC will consider whether it will seek such waivers. In absence of these waivers, the operation of the change of control provisions, if any, could result in the loss of significant contractual rights and benefits, the termination of significant agreements or the payment of a termination fee. In addition, employment agreements or other employee benefit arrangements with the CWC Group's and the Columbus Group's employees may contain change of control provisions providing for additional payments following a change of control.

(K) *The Acquisition and the Scheme, if required, may negatively impact the CWC Group's or the Columbus Group's tax position*

The Acquisition and, if required, the Scheme are in certain jurisdictions likely to constitute a change of ownership of the Columbus Group and the CWC Group which may have a negative impact on their respective tax positions. The tax consequences of a change in ownership of a company can include the loss or restriction of certain tax attributes arising before the change of ownership, including, but not limited to, tax losses, tax credits and/or tax basis in assets. In addition, the change of ownership may result in other tax costs not normally associated with the ordinary course of business.

(L) *Admission of the Consideration Shares may not occur when expected*

Application for Admission of the Consideration Shares will be made prior to Completion. If Completion is delayed, the application for Admission will be delayed. Admission is subject to the approval (subject to satisfaction of any conditions which such approval is expressed) of the UK Listing Authority. There can be no guarantee that any conditions to which Admission is subject will be met or that the UK Listing Authority will approve Admission.

(M) *The value of the Consideration Shares and CWC Shares may go down as well as up and any fluctuations may be material and may not reflect the underlying asset value*

The market price of the Consideration Shares and CWC Shares could be subject to significant fluctuations due to a change in sentiment in the market regarding such shares. The fluctuations could result from national and global economic and financial conditions, the market's response to the Acquisition, market perceptions of CWC, and various other factors and events, including but not limited to regulatory changes affecting the Enlarged Group's operations, variations in the Enlarged Group's operating results, business developments of the Enlarged Group and/or its competitors and the liquidity of the financial markets. Furthermore, CWC's, or, following the Acquisition, the Enlarged Group's, operating results and prospects from time to time may be below the expectations of market analysts and investors. Any of these events could result in a decline in the market price of the Consideration Shares and CWC Shares.

(N) *Shareholders in CWC will experience a dilution of their ownership of the Enlarged Group*

Pre-emption rights do not apply to the issue of the Consideration Shares to the Principal Vendors pursuant to the Acquisition. Following completion of the Acquisition, shareholders will experience dilution in their proportionate ownership and voting interest in the Enlarged Group compared to their proportionate ownership and voting interest in CWC, because of the issue of the Consideration Shares to the Principal Vendors.

(O) *If Put Options are exercised, the Enlarged Group will be obliged to purchase Consideration Shares under the Put Option Deeds*

Under the Put Option Deeds, each of the Principal Vendors have been granted put options relating to the Consideration Shares. Subject to the terms and conditions of the Put Option Deeds, if a Relevant Annual Put Option is exercised by a Principal Vendor, CWC is obliged to purchase the Consideration Shares pertaining to such Relevant Annual Put Option. CWC's obligation to satisfy the Relevant Annual Put Option to purchase the Consideration Shares may require significant financing over a 5 years period and may accordingly adversely affect the financial position of the Enlarged Group. In addition, CWC may decide to finance the purchase of the Consideration Shares by an offering of shares. If the shareholders do not take up such offer of shares or were not eligible to participate in such offering, their proportionate ownership and voting interests in the Enlarged Group would be reduced and the percentage that their CWC Shares would represent of the total share capital of the Enlarged Group would be reduced accordingly.

(P) *Financial resources*

Any growth and development of the Enlarged Group beyond that envisaged by the Board may be reliant on the Enlarged Group's ability to access additional capital. If any additional equity fundraising were to be required, it might be dilutive for shareholders and additional debt-based funding may bind the Enlarged Group to restrictive covenants and may curb its operating activities. Whilst the Board believes that the Enlarged Group has scope to further develop its business, there is no certainty that the anticipated growth will be realised.

2. RISKS RELATING TO THE CWC GROUP AND/OR THE COLUMBUS GROUP AND, IF THE ACQUISITION IS COMPLETED, THE ENLARGED GROUP

(A) *Implementation of business strategies and changes could fail or could not achieve their objectives*

The CWC Group and the Columbus Group are, on an ongoing basis, and, if the Acquisition is completed, the Enlarged Group will be, seeking to transform their businesses through business initiatives to enhance the customer experience, increase revenue growth, strengthen the businesses' competitive positions and improve cost efficiency.

Implementation of business strategies and changes is complex, time-consuming and expensive. The ability of the CWC Group, the Columbus Group and, if the Acquisition is completed, the Enlarged Group to implement such strategies and changes depend on a variety of factors, including development of demand for wholesale broadband capacity services and the ability to recruit and retain skilled employees. Business strategies and changes could fail to be implemented quickly enough or fail to achieve the anticipated growth, efficiency, cost savings, return or customer service improvements. If business strategies or changes do not achieve their objectives, the CWC Group, the Columbus Group and, if the Acquisition is completed, the

Enlarged Group could experience a material adverse effect on their businesses, financial conditions, results of operations and prospects.

(B) *Failure in technology and business development may adversely affect operations as well as future profitability and cash flow*

The CWC Group and the Columbus Group operate and, if the Acquisition is completed, the Enlarged Group will operate in an industry that undergoes rapid technological changes on an ongoing basis. New technology developments may render existing products, services and supporting infrastructure obsolete or uncompetitive. The CWC Group and the Columbus Group are and, if the Acquisition is completed, the Enlarged Group will be, to a large extent, dependent on their ability to acquire, develop, adopt and exploit new technologies and mobilise into new business lines in sufficient time and to not utilise technologies or equipment that are less effective or less desirable than those of their competitors. This includes development of products and services which attract and retain customers and address structural changes in the telecom market, such as decline of high margin fixed products.

Technology developments may require the CWC Group, the Columbus Group and, if the Acquisition is completed, the Enlarged Group to increase the rate and level of investment in new technologies which will in turn require them to obtain the necessary funding for such investments and could adversely affect cash flow and profitability.

In addition, the CWC Group, the Columbus Group and, if the Acquisition is completed, the Enlarged Group may choose to invest in the wrong technology, which could cause loss of customers, adversely affect their competitive position and potentially result in the expected return on their investment not being obtained.

It is not possible to predict the effect of future technological changes on the business of the CWC Group, the Columbus Group and, if the Acquisition is completed, the Enlarged Group, and the related impact on licensing and similar requirements. Competitors may also acquire rights to newer and more competitive technologies not available to the CWC Group, the Columbus Group and, if the Acquisition is completed, the Enlarged Group or they may become subject to competition from other companies that are not subject to regulation as a result of the convergence of communication technology.

If the CWC Group, the Columbus Group and, if the Acquisition is completed, the Enlarged Group fail to cope with technological changes effectively, they could experience a material adverse effect on their businesses, financial conditions, results of operations and prospects.

(C) *Integration of the Columbus Group into the CWC Group following the Acquisition may adversely affect integration of previously acquired businesses*

As part of CWC's and Columbus' growth strategy, they each seek to acquire businesses and investment to further strengthen and diversify their operations. The strategy of CWC has been and is to focus investment in the Caribbean and Latin America region where the CWC Group has a critical mass of operations and the ability to realise operational efficiencies. Similarly, Columbus has focused and is focusing its investments on its wholesale broadband capacity services and IP services in the Caribbean and Latin America. CWC and Columbus have both acquired entities over the past 2 years.

In connection with the ongoing integration of acquired entities and activities, the CWC Group, the Columbus Group and, if the Acquisition is completed, the Enlarged Group cannot be certain that they will be successful in managing the risks and challenges associated with such integration. In addition, the integration of the Columbus Group into the CWC Group following the Acquisition may adversely impact the ability of the Enlarged Group to integrate previously consummated transactions.

If the CWC Group, the Columbus Group and, if the Acquisition is completed, the Enlarged Group are unable to successfully integrate acquired businesses, they may not realise anticipated cost savings or revenue growth, which may result in reduced profitability or losses and may have a material adverse effect on their businesses, financial conditions and results of operations.

(D) *Dependence on ongoing maintenance and improvement of network, systems and operations*

The businesses of the CWC Group and the Columbus Group are and, if the Acquisition is completed, the business of the Enlarged Group will be dependent on the continued and uninterrupted performance of their network. The CWC Group and the Columbus Group maintain and improve their networks on an ongoing basis in order to maintain and expand their customer bases, enhance their operating and financial performances and satisfy regulatory requirements.

Amongst other things, CWC has created Project Marlin, a specific investment programme whereby CWC is making additional targeted capital investments across CWC's fixed and mobile networks totalling USD250 million over three years.

If the CWC Group, the Columbus Group and/or, if the Acquisition is completed, the Enlarged Group experience system, network, hardware breakage or software failures, including a cut in terrestrial network or undersea cables or any temporary failure of network due to defaults in network upgrades, natural disasters, terrorism, power loss or other catastrophe, the quality of their services may be affected or they could experience an unexpected interruption in their services or losses of data. It is not certain that the precautionary measures, including recovery, security and continuity protection measures such as back-up power systems and network monitoring, put in place by the CWC Group and the Columbus Group to strengthen their reliability profile and network monitoring will be sufficient to prevent network failures, prolonged network downtime or loss of data.

These failures and disruptions could result in costly repairs and affect customer satisfaction, which in turn could adversely affect the businesses, revenues and reputation of the CWC Group, the Columbus Group and, if the Acquisition is completed, the Enlarged Group and result in the loss of customers regardless of any disclaimers of liability contained in service agreements.

(E) *The CWC Group, the Columbus Group and, if the Acquisition is completed, the Enlarged Group may become subject to increased competitive pressure following the announcement of the Acquisition*

The businesses of the CWC Group and the Columbus Group are subject to competition in the geographic areas in which they operate, and, if the Acquisition is completed, the Enlarged Group will operate. Furthermore, the industry in which they operate, and, if the Acquisition is completed, the Enlarged Group will operate, is and is expected to continue to be highly competitive.

The announcement and subsequent completion of the Acquisition may result in increased competitor activity, including through aggressive pricing, loyalty programmes customer incentives and/or promotional activity in an attempt to entice or solicit existing and potential customers away from the CWC Group, the Columbus Group and, if the Acquisition is completed, the Enlarged Group. Shifts in the CWC Group's, the Columbus Group's and, if the Acquisition is completed, the Enlarged Group's ability to compete effectively could increase the costs of gaining and retaining customers or result in reduced revenues or numbers of customers, any of which could have a material adverse effect on their businesses, financial conditions, results of operations and profitability.

(F) *If the Acquisition is completed, the Enlarged Group may become subject to increased regulatory scrutiny*

The CWC Group, the Columbus Group and, if the Acquisition is completed, the Enlarged Group need to comply with regulations and license terms which govern their operations across multiple jurisdictions. In particular, they are reliant on governments and regulators for access, on mutually beneficial terms, to spectrum and licenses both for existing and next generation telecommunication services.

If the Acquisition is completed, the Enlarged Group may be subject to more intensive regulatory scrutiny in the jurisdictions in which it operates. Regulators may implement ex ante regulatory measures in respect of the Enlarged Group and such measures could extend to areas of the Enlarged Group's business that, to date, have not been subject to extensive regulatory measures. Furthermore, more intensive regulatory scrutiny could affect the business of the Enlarged Group disproportionately compared to the businesses of its competitors who may not be subject to similar regulatory requirements or restrictions.

More intensive regulatory scrutiny could also increase the costs of complying with regulations and co-operation with regulatory bodies, could reduce the scope for and success of new products and strategies of the Enlarged Group and could have a material adverse effect on the business, financial condition, results of operation and profitability of the Enlarged Group.

(G) *The Enlarged Group will be more highly leveraged which may result in operational constraints*

If the Acquisition is completed, the Enlarged Group will be more highly leveraged due to the inclusion in the Enlarged Group of the existing financing of the CWC Group and the Columbus Group as well as the new financing taken out by CWC to partly finance the Acquisition. If the Acquisition is completed, the Enlarged Group will accordingly be subject to, inter alia, a number of restrictive covenants, including but not limited to requirements to seek consent for certain further acquisitions, disposals and other corporate transactions, granting of security and incurring additional financial indebtedness.

The increased leverage as well as restrictive covenants in the financing taken out by the CWC Group, the Columbus Group and, if the Acquisition is completed, the Enlarged Group may result in operational constraints for the Enlarged Group going forward, which may adversely affect the business, financial condition and results of operation of the Enlarged Group.

(H) *Risk that the Columbus Group's results will not match CWC's expectations*

If the results and cash flows generated by the Columbus Group are not in line with CWC's expectations, the financial performance of the Enlarged Group may be materially impacted and a write-down may be required against the carrying value of the Company's investment in the Columbus Group. A write-down could have an adverse effect on the Enlarged Group's financial position and operating results. Such a write-down may also reduce the Enlarged Group's ability to generate distributable reserves by the extent of the write-down and consequently may affect the Enlarged Group's ability to pay dividends.

Appendix X: Defined Terms

The following definitions apply throughout this announcement unless the context requires otherwise.

Term	Definition
ACF	means ACF Investors, Ltd., ACF Investments, Limited, ACF Investments C, Ltd, ACF Caribbean Fund II, L.P., ACF Investments B, Ltd;
Acquisition	means the proposed acquisition of 100 per cent. of the equity of Columbus under the Share Purchase Agreement;
Admission	means admission to the Official List and to trading on the London Stock Exchange;
Board	means the board of directors of CWC;
CHBI	means CVBI Holdings (Barbados) Inc., a corporation duly incorporated and existing under the laws of Barbados;
CHBL	means Clearwater Holdings (Barbados) Limited, a corporation duly incorporated and existing under the laws of Barbados;
CHLLC	means Columbus Holding LLC, a limited liability company existing under the laws of Colorado;
Clearwater	means CHBI and CHBL;
Columbus	means Columbus International Inc, a company incorporated in Barbados, with registered number 24328 and principal corporate office at 6th Floor, CGI Tower, Warrens, St. Michael, Barbados, BB12001;
Columbus Group	means Columbus and its subsidiaries;
Completion	means completion of the Acquisition;
Consideration Shares	means the 1,557,529,605 ordinary shares in CWC, which are proposed to be issued by CWC to the Principal Vendors pursuant to the Acquisition;
CWC or **Company**	means Cable & Wireless Communications Plc, a company incorporated in England and Wales, with registered number 07130199 and registered office at 3rd Floor, 26 Red Lion Square, London, WC1R 4HQ or, if the Scheme is effected, and where the context so requires, Cable & Wireless Communications Newco Plc, the new holding company to be inserted above the CWC Group;
CWC Group	means CWC and its subsidiary undertakings from time to time;
CWC Shares	means the ordinary shares of USD 0.05 each in the capital of CWC;
Enlarged Group	means the group of companies which will, following completion of the Acquisition, comprise the CWC Group and the Columbus Group;
FCA	means the Financial Conduct Authority, granted powers as a regulator under the FSMA 2000;

FSMA 2000	means the Financial Services and Markets Act 2000, as amended;
Free Cash Flow	means EBITDA less cash capital expenditures, less change in net working capital, plus investment income;
Listing Rules	means the listing rules made by the FCA pursuant to FSMA 2000 governing, inter alia, admission of securities to the Official List of the FCA;
New CWC	means Cable & Wireless Communications Newco Plc;
Official List	means the list maintained by the FCA in accordance with section 74(1) of FSMA 2000 for the purposes of Part VI of FSMA 2000;
Principal Vendors	means Clearwater, Brendan Paddick and CHLLC;
Prospectus Rules	means the prospectus rules of the FCA made under section 73A of FSMA 2000;
Put Option	means the right of each Principal Vendor to require CWC to purchase for cash up to a certain number of its Consideration Shares each year from 2016 to 2019 inclusive at USD0.7349 per share;
Put Option Deeds	means the lock-up and put option agreements to be entered into at Completion by CWC with the Principal Vendors in respect of the Consideration Shares;
Relevant Annual Put Option	means each of the annual put options granted by CWC to each of the Principal Vendors in respect of the Consideration Shares;
Relevant Annual Put Shares	means the maximum number of shares that a Principal Vendor can require CWC to purchase under a Put Option in each year;
Scheme	means the insertion of a new holding company of the CWC Group by means of the proposed scheme of arrangement under section 895 – 899 of the Companies Act 2006, with or subject to any modification, addition or condition approved or imposed by the Court;
Share Purchase Agreement	means the share purchase agreement dated 6 November 2014 between the Vendors and the Company pursuant to which the Company has conditionally agreed to acquire 100 per cent. of the equity of Columbus;
SIFL	means Sable International Finance Limited;
UKLA or UK Listing Authority	means the Financial Conduct Authority acting in its capacity as the competent authority for listing under Part VI of FSMA 2000;
US Carve-Out	means the intended transfer of the US Carve-Out Entities to a newly incorporated SPV owned by Clearwater and Brendan Paddick immediately prior to Completion;
US Carve-Out Entities	means certain of the Columbus Group's licensed entities in the US which are subject to the US Carve-Out;
US or **United States**	means the United States of America, its territories, its possessions and all areas subject to its jurisdiction; and
Vendors	means Clearwater, CHLLC, Brendan Paddick, ACF and others.

[1] Excludes net debt adjustments for capitalised transaction costs and derivatives (details of which are set out in section 3 of this announcement)

2 Under the transaction terms, the number of Consideration Shares issued by CWC was calculated using a 15 trading days VWAP of CWC shares of 46p

3 Under the transaction terms, the notional issue price of the Consideration Shares was calculated using a 15 trading days VWAP of CWC shares of 46p at a USD/Sterling exchange rate of 1.5979

4 Excludes net debt adjustments for capitalised transaction costs and derivatives (details of which are set out in section 3 of this announcement)

[5] A Revenue Generating Unit is defined as an individual service subscriber who generates recurring revenue for Columbus

[6] Homes Passed is defined as the number residences or businesses with a feeder cable already installed near their premises