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

Your attention is drawn to the letter from Sir Richard Laphorne CBE, the Chairman of Cable & Wireless Communications Plc, which is set out in Part I (*Letter from the Chairman of Cable & Wireless Communications Plc*) of this circular in which the Board of Cable & Wireless Communications Plc unanimously recommends that you vote in favour of the Resolutions to be proposed at the General Meeting and, if required, the Court Meeting referred to below. Your attention is also drawn to Part VIII (*Explanatory Statement*) of this circular which contains an explanatory statement from Evercore Partners International LLP in compliance with section 897 of the Companies Act. You should read this document in its entirety and consider whether to vote in favour of the Resolutions in light of the information contained in this document.

This document is not a prospectus but a shareholder circular and does not constitute an offer or invitation to purchase or subscribe for any securities or a solicitation of an offer or invitation to purchase or subscribe for any securities pursuant to this document.



CABLE & WIRELESS COMMUNICATIONS PLC

(a public limited company incorporated and registered in England and Wales under number 07130199)

PROPOSED ACQUISITION OF COLUMBUS INTERNATIONAL INC and NOTICE OF COURT MEETING AND GENERAL MEETING

A notice convening a General Meeting of Cable & Wireless Communications Plc to be held at 10.05 a.m. on 5 December 2014 at Hilton Hotel Paddington, 146 Praed Street, London W2 1EE, along with a notice convening the Court Meeting of Cable & Wireless Communications Plc to be held at 10.00 a.m. on 5 December 2014 at Hilton Hotel Paddington, 146 Praed Street, London W2 1EE is set out at the end of this document.

Forms of Proxy for use at the General Meeting and Court Meeting are enclosed. Whether or not you intend to attend the General Meeting and/or the Court Meeting in person, please complete, sign and return the accompanying Forms of Proxy in accordance with the instructions printed on them as soon as possible but, in any event, so as to be received by the Registrar no later than 48 hours before the time appointed for the holding of the relevant meeting. Blue Forms of Proxy in respect of the Court meeting may also be handed to the Registrar or the Chairman of the Court Meeting at the Court Meeting before the start of the Court Meeting. However, in the case of the General Meeting, the Pink Form of Proxy will be invalid unless lodged so as to be received at least 48 hours before the time appointed for the meeting. If you hold your CWC Shares in uncertificated form (i.e. in CREST) you may appoint a proxy by completing and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by the Registrar (under CREST participant ID RA19) no later than 48 hours before the relevant meeting. The time of receipt will be taken to be the time from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. Unless the Forms of Proxy or CREST Proxy Instructions are received by the date and time specified above, they will be invalid.

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

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

Evercore Partners International LLP which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for Cable & Wireless Communications Plc and for no one else in connection with the Acquisition and the Scheme and will not regard any other person (whether or not a recipient of this document) as a client in relation to the Acquisition and the Scheme and will not be responsible to anyone other than Cable & Wireless Communications Plc for providing the protections afforded to clients of Evercore Partners International LLP or for affording advice in relation to the Acquisition and the Scheme, the contents of this document or any transaction, arrangement or other matter referred to in this document.

Save for the responsibilities and liabilities, if any, of Evercore Partners International LLP under the Financial Services and Markets Act 2000 or the regulatory regime established thereunder, Evercore Partners International LLP assumes no responsibility whatsoever and makes no representations or warranties, express or implied, in relation to the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by the Company, or on the Company's behalf, or by Evercore Partners International LLP or on their behalf and nothing contained in this document is, or shall be, relied on as a promise or representation in this respect, whether as to the past or the future, in connection with the Company or the Acquisition and the Scheme. Evercore Partners International LLP accordingly disclaims to the fullest extent permitted by law all and any responsibility and liability whether arising in tort, contract or otherwise which it might otherwise be found to have in respect of this document or any such statement.

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

Securities may not be offered or sold in the United States unless they are registered under the US Securities Act of 1993, as amended, or exempt from such registration. If the Scheme is implemented, the New CWC Shares will not be and are not required to be, registered with the US Securities and Exchange Commission under the US Securities Act of 1993, as amended, in reliance on the exemption from registration provided by section 3(a)(10) thereof. Neither the SEC nor any other US federal or state securities commission or regulatory authority has approved or disapproved the New CWC Shares or passed on the adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

INFORMATION FOR UNITED STATES SHAREHOLDERS

In the United States, this circular is being furnished to holders of CWC Shares solely to explain the Resolutions and describe the action recommended to be taken by holders of CWC Shares in relation to the Court Meeting and the General Meeting. This document is personal to each holder of CWC Shares and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire, if the Scheme is implemented, New CWC Shares. This document is not an offer of securities for sale in the United States. If the Scheme is implemented, the New CWC Shares to be issued to holders of CWC Shares in connection with the Scheme will not be, and are not required to be, registered with the SEC under the US Securities Act in reliance upon the exemption from the registration requirements of the US Securities Act provided by section 3(a)(10) of that act. For purpose of qualifying for the section 3(a)(10) exemption with respect to New CWC Shares issued pursuant to the Scheme, CWC will advise the Court that it will rely on the section 3(a)(10) exemption based on the Court's sanctioning of the Scheme, which will be relied upon by CWC as an approval of the Scheme following a hearing of its fairness to holders of CWC Shares at which hearing all such holders of CWC Shares will be entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification has been given or will be given to all such shareholders.

SHAREHOLDER HELPLINE

If you are a holder of CWC Shares and have any questions about this circular, the Court Meeting or the General Meeting, please call the shareholder helpline on +44 (0)871 384 2104 from the UK or +44 121 415 7052 for holders of CWC Shares outside the UK between 8.30 a.m. (London time) and 5.30 p.m. (London time) Monday to Friday (excluding UK bank or public holidays). Calls will be charged at 8p per minute plus network extras. Calls to +44 121 415 7052 from outside the UK are chargeable at applicable international rates.

Please note that calls may be monitored or recorded and the helpline cannot provide financial or tax advice or advice on the merits of the Acquisition, the Scheme or the Resolutions.

CORPORATE DETAILS AND ADVISERS

Company's Directors

Sir Richard Laphorne, CBE (Chairman of Board)

Phil Bentley (Chief Executive Officer)

Nick Cooper (Corporate Services Director)

Ralph Perley McBride (Chief Financial Officer)

Simon Ball (Deputy Chairman, Senior Independent Director and non-executive director)

Alison Platt (Non-executive director)

Ian Tyler (Non-executive director)

Mark Hamlin (Non-executive director)

The business address of all of the Directors is the registered office of the Company at 3rd Floor, 26 Red Lion Square, London WC1R 4HQ.

Secretary and Registered Office

Nick Cooper
3rd Floor
26 Red Lion Square
London
WC1R 4HQ

Financial Adviser and Sponsor

Evercore Partners International LLP
15 Stanhope Gate
London
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Legal Adviser

Slaughter and May
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Auditor and reporting accountant

KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL

Reporting accountant

Ernst & Young LLP
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Company's Registrar

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS¹

Announcement of the Acquisition and the Placing	6 November 2014
Admission of Placing Shares	11 November 2014
Publishing and posting of this circular to Shareholders	19 November 2014
Latest time for receipt of Blue Form of Proxy for Court Meeting ²	10.00 a.m. on 3 December 2014
Latest time for receipt of Pink Form of Proxy for General Meeting ³	10.05 a.m. on 3 December 2014
Voting Record Time in respect of Court Meeting and General Meeting ⁴	6.00 p.m. on 3 December 2014
Court Meeting	10.00 a.m. on 5 December 2014
General Meeting ⁵	10.05 a.m. on 5 December 2014

If proceeding without Scheme:

Latest date for publication of the Prospectus by CWC	the Business Day immediately preceding the date of Completion
Completion of the Acquisition⁶	Q1 2015
Admission of Consideration Shares	8.00 a.m. on the date of Completion

If proceeding by way of the Scheme:

Latest date for publication of the Prospectus by New CWC	the Business Day immediately preceding the Scheme Effective Date
Scheme Record Time	6 p.m. on the Business Day immediately preceding the Scheme Effective Date
Court Hearing of the claim form to sanction the Scheme and confirm the CWC Reduction of Capital	the Business Day immediately preceding the Scheme Effective Date
Scheme Effective Date⁶	Q1 2015
Scheme Effective Time ⁶	4.30 p.m. on the Scheme Effective Date
Delisting of CWC Shares, admission of New CWC Shares, crediting of New CWC Shares to CREST accounts and dealings in New CWC Shares commence on the London Stock Exchange's main market for listed securities	8.00 a.m. on the Business Day immediately following the Scheme Effective Date
Completion of Acquisition	8.00 a.m. on the Business Day immediately following the Scheme Effective Date
Admission of Consideration Shares	8.00 a.m. on the Business Day immediately following the Scheme Effective Date
Court Hearing of the claim form to confirm the New CWC Reduction of Capital	the Business Day immediately following the Scheme Effective Date
New CWC Reduction of Capital becomes effective	the Business Day immediately following the Scheme Effective Date
Despatch of share certificates in respect of New CWC Shares in certificated form	Within five (5) Business Days of the Scheme Effective Date

¹ All references to time in this document are to London time unless otherwise stated. The dates given in this circular are indicative only and may be subject to change.

² Blue Forms of Proxy for the Court Meeting not returned by this time may be handed to the Chairman or the Registrar at the Court Meeting prior to the vote being taken.

³ To be valid, the Pink Form of Proxy for the General Meeting must be lodged at least 48 hours before the time appointed for the General Meeting excluding any part of such 48 hours period falling on a weekend or a public holiday in the UK.

⁴ If either the Court Meeting or the General Meeting is adjourned, the Voting Record Time for the adjourned meeting will be 6 p.m. on the day which is two days before the date of the adjourned meeting.

⁵ To commence at the time fixed or, if later, immediately following the conclusion or adjournment of the Court Meeting.

⁶ The dates are based on the Directors' current expectations and will depend, amongst other things, on the dates upon which conditions to the Acquisition are satisfied and (where relevant) the Court sanctions the Scheme and confirms the CWC Reduction of Capital.

SHARE CAPITAL AND PLACING STATISTICS

Placing

Issue Price	45 pence
Discount of Placing Shares to the closing price on 5 November 2014	8.1 per cent.
Number of CWC Shares in issue immediately prior to the Placing	2,528,122,854
Number of Placing Shares issued pursuant to the Placing	252,812,284
Number of CWC Shares in issue immediately following completion of the Placing ...	2,780,935,138
Placing Shares as a percentage of CWC's enlarged issued share capital immediately following completion of the Placing	9.1 per cent.
Gross proceeds of the Placing	GBP 113.8m

Acquisition

Number of Consideration Shares to be issued pursuant to the Acquisition	1,557,529,605
Number of Ordinary Shares in issue immediately following Completion	4,338,464,743
Estimated expenses of the Acquisition (including the Placing)	USD 120m

Total

Placing Shares and Consideration Shares as a percentage of the share capital of the Enlarged Group immediately following Completion	41.7 per cent.
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Note:

These figures are calculated assuming that the number of Ordinary Shares in issue and to be issued on a fully diluted basis as at close of business on the Latest Practicable Date does not change and that no issues of Ordinary Shares, other than those described above or, if applicable, in relation to the Scheme, occur between the Latest Practicable Date and Completion. These figures exclude treasury shares.

PART I

LETTER FROM THE CHAIRMAN OF CABLE & WIRELESS COMMUNICATIONS PLC

Registered Office:

3rd Floor,
26 Red Lion Square,
London,
WC1R 4HQ
Registered number: 07130199

Directors and Officers:

Sir Richard Laphorne, CBE
Phil Bentley
Nick Cooper
Ralph Perley McBride
Simon Ball
Alison Platt
Ian Tyler
Mark Hamlin

19 November 2014

To Shareholders and, for information only, to participants in the CWC Share Plans

Dear member,

PROPOSED ACQUISITION OF COLUMBUS INTERNATIONAL INC and NOTICE OF GENERAL MEETING AND COURT MEETING

1. Introduction and summary of the Acquisition

On 6 November 2014, the Board announced that CWC had 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 USD1.17bn⁷ 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 (the “**Consideration Shares**”)⁸. 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)⁹. 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 USD0.7349¹⁰ in certain circumstances. Further details regarding the arrangements are set out in paragraph 9 (*Outline of the Acquisition*) of this letter and in Part V (*Principal terms of the Share Purchase Agreement and other related documentation*) of this circular.

On 6 November 2014, the Company also announced 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**”), which raised gross proceeds of approximately GBP113.8m. The Company proposes to use the net proceeds of the Placing and funds to be drawn down at Completion from the new debt financing (details of which are set out in paragraph 11 (*New Financing*) of this letter) to fund the Cash Consideration.

In connection with the Acquisition, CWC launched a consent solicitation in respect of its USD400m 8¾ per cent. Senior Secured Notes due 2020 (the “**SIFL Bonds**”), issued by its wholly-owned subsidiary Sable International Finance Limited (“**SIFL**”) on 7 November 2014. The consent solicitation seeks approval of

⁷ Excludes net debt adjustments for capitalised transaction costs and derivatives.

⁸ 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.

⁹ Excluding treasury shares.

¹⁰ 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.

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 finish on 19 November 2014.

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 becoming effective, 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 be 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 by 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**”) after Completion.

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 have been convened, and the notices convening the Court Meeting and the General Meeting are set out at the end of this circular. Further details of the Scheme are set out in paragraph 13 (*Summary of the terms of the Scheme*) of this letter.

The Company announced on 6 November 2014 that certain funds managed by Orbis Investment Management Limited or its affiliates and Invesco Asset Management Limited, which together held, at the date of the announcement, 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.

In addition, the Directors holding Ordinary Shares have irrevocably committed to vote in favour of the Resolutions at the General Meeting and, if required, the Court Meeting. In accordance with the requirements of the City Code, the Directors (and their Close Relatives) will not be voting on their interests in CWC Shares in respect of the Whitewash Resolution (details of which are set out in paragraph 10 (*Rule 9 Waiver*)). The Directors’ beneficial holdings amount to 18,178,948 CWC Shares representing 0.654¹¹ per cent. of the issued ordinary share capital of CWC.

The purpose of this circular is to provide details of the Acquisition and the Scheme, to explain why the Board considers it to be in the best interests of CWC and its shareholders as a whole to make the Acquisition, and to recommend that Shareholders vote in favour of the Resolutions.

Details of the actions you should take, and the recommendation of the Directors, are set out in paragraphs 18 (*Actions to be taken*) and 21 (*Recommendation*), respectively, of this letter.

2. Information on 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.

3. Information on 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

¹¹ Excluding treasury shares.

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 34,300 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 approximately 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 7.375 per cent. 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 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 Lazu 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.

Part III(B) (*Audited Historical Financial Information on Columbus*) of this circular 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.

Part III(C) (*Unaudited Interim Financial Information on Columbus*) of this circular sets out unaudited consolidated interim financial information for the half-year ended 30 June 2014 prepared using accounting policies consistent with those adopted by CWC in preparing its latest financial statements.

You should read the whole of this document, including Part III (*Financial Information on Columbus*), and not rely solely on any summarised financial information in this Part I (*Letter from the Chairman of Cable & Wireless Communications Plc*) or anywhere else.

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 CWC’s TV offering* – the Acquisition will increase the scale of CWC’s pay-TV offering in the region, adding five 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:

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 four markets today and is introducing TV into a further seven 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 multi-screen 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 subsea cable partnership between CWC and Columbus. This will afford the Enlarged Group the ability to better optimise the use of subsea 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.

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 Promitel's 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 CWC's 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 multi-national 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. The Company's 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 multi-national corporate customers.

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, following completion of the Acquisition.

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.

The de-duplication of corporate costs and functional overheads includes costs savings of approximately USD 25m from the rationalisation of overlapping headcount across the regions in which the Enlarged Group operates. The Enlarged Group is expected to have at Completion approximately 8,250 employees and contracted workers. Fewer than 500 back office, sales and marketing and customer service roles across the Enlarged Group are currently anticipated to be rationalised, over the three years after Completion.

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 A for further detail on synergies. As required by Rule 28.1(a) of the City 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.

Please refer to Appendix B and Appendix C for copies of the reports provided by Ernst & Young LLP and Evercore, respectively.

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.

Strengthens 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 six months post-completion:

- An Integration Oversight Committee will be responsible for ensuring that integration activities achieve maximum shareholder value. Members will comprise Sir R. Laphorne, J. Risley, B. Paddick and P. Bentley.
- An Integration Steering Committee will be responsible for (i) ensuring the alignment between the integration programme and the 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) which will comprise representatives from both CWC and Columbus.

7. Current Trading and Prospects

CWC

On 6 November 2014, CWC released its interim results for the six months ended 30 September 2014. The performance of CWC 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.”

There has been no change in the Board’s assessment of the matters described above since 6 November 2014.

Columbus

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**”)¹² 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**”)¹³ 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.
- Increased CBS’ total revenue by 28 per cent. over the same period in the prior year.

This momentum is expected to continue prior to completion of the Acquisition.

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

- Issued USD1.25bn 7.375 per cent. 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.

¹² A Revenue Generating Unit is defined as an individual service subscriber who generates recurring revenue for Columbus.

¹³ Homes Passed is defined as the number of residences or businesses with a feeder cable already installed near their premises.

- 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.

8. Dividend policy

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

9. Outline of the Acquisition

The Share Purchase Agreement was entered into on 6 November 2014 between CWC and the Vendors pursuant to which CWC has conditionally agreed to acquire the entire issued share capital of Columbus from the Vendors. CWC has the right to nominate another person, being a wholly-owned subsidiary of CWC, to be the transferee of such share capital or, if required, to implement the Acquisition by way of New CWC, rather than CWC, acquiring the entire issued share capital of Columbus. 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 the Acquiring Company's outstanding share capital and voting rights, respectively (taking into account the CWC Shares issued pursuant to the Placing, but otherwise assuming no issues or cancellations of CWC Shares after the date of this circular).

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 the Acquiring Company 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 USD0.7349¹⁴ 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 the Acquiring Company). Further details regarding the arrangements are set out in Part V (*Principal terms of the Share Purchase Agreement and other related documentation*).

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 (the "**US Carve-Out**"), 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 CWC ("**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

¹⁴ 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.

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 (or such later date as the parties may agree);
- (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 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 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 City Code and the Resolutions are not voted on by or on the date set for the passing of those Resolutions or (ii) after the 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 City 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 City 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 subsequently do lapse and/or expire, the transaction fee would then become payable. If, however, any such Relevant Offer becomes or is declared unconditional, 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 Part II (*Risk Factors*) of this circular.

CWC will incur costs in connection with the Acquisition (including the Placing) estimated to be approximately USD120m (including professional fees, financing fees and other transaction costs). This does not include the costs of refinancing of any of the bridge facilities described in paragraph 11 (*New Financing*) of this letter.

The recommendation of the Directors in respect of the Acquisition Resolutions to be proposed at the General Meeting is set out in paragraph 21 (*Recommendation*) of this letter.

10. Rule 9 Waiver

10.1 Rule 9 of the City Code

Rule 9 of the City Code is designed to prevent the acquisition of control of a company to which the City Code applies by any person without a general cash offer being made to all shareholders of that company.

Under Rule 9 of the City Code, when any person acquires, whether by a series of transactions over a period of time or not, an interest in shares (as defined in the City Code) which (taken together with shares in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, that person is normally obliged to make a general cash offer to all the remaining shareholders of the company to acquire their equity shares and transferable securities carrying voting rights in the company.

Similarly, when a person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, that person is normally obliged to make a general cash offer to all the remaining shareholders of the company to acquire their equity shares and transferable securities carrying voting rights in the company.

An offer under Rule 9 of the City Code must be made in cash and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares in the company during the 12 months prior to the announcement of the offer.

However, where the obligation to make a mandatory offer under Rule 9 of the City Code might arise following an issue of new shares, the Panel will normally consent to a waiver of that obligation provided that, among other things, this is approved by a vote of Independent Shareholders.

10.2 The Concert Parties

As a result of Completion, the Principal Vendors will hold 1,557,529,605 Ordinary Shares (representing approximately 35.9 per cent. of the enlarged issued ordinary share capital of the Acquiring Company). Pursuant to the terms of the Acquisition, all Consideration Shares held by each Principal Vendor are, subject to certain limited exceptions, to be voted on at all shareholder meetings in line with the recommendation of the Board until the end of the Restricted Period, as further described in Section 2.2 of Part V (*Principal terms of the Share Purchase Agreement and other related documentation*) of this circular (the “**Voting Restrictions**”).

As a result of the Voting Restrictions, the Panel considers that, for the purposes of the City Code, the Directors (together with their Close Relatives) will be deemed to be acting in concert with the Principal Vendors and the Ultimate Controllers following Completion of the Acquisition.

Except for the Voting Restrictions, there are no other arrangements or understandings between the Principal Vendors and the Ultimate Controllers on the one side and any of the Shareholders or any person who is acting in concert with any such Shareholders on the other side in relation to CWC Shares. The Principal Vendors, the Ultimate Controllers and the Directors have confirmed that, save as set out above, as at the date of this circular they are not acting in concert with any other person in relation to CWC for the purposes of the City Code.

Therefore, as a result of the Voting Restrictions, after Completion the Concert Parties will comprise the Principal Vendors, the Ultimate Controllers and the Directors (together with their Close Relatives) from time to time.

Further information on the Directors is set out in Sections 5.1-5.3 of Part VI (*Additional Information*) of this circular.

Details of the Principal Vendors and the Ultimate Controllers are set out in Section 6.1 of Part VI (*Additional Information*) of this circular.

10.3 Rule 9 waivers

(i) *Waiver in respect of the mandatory offer obligation arising upon Completion in relation to the interest in shares of the Concert Parties*

As a result of Completion, the Principal Vendors will be issued 1,557,529,605 Consideration Shares (representing approximately 35.9 per cent. of the enlarged issued ordinary share capital of the Acquiring Company at Completion excluding treasury shares). The Principal Vendors and the Ultimate Controlling Parties will have no interests in CWC Shares at Completion other than the Consideration Shares.

The Directors will not make any further purchases of CWC Shares prior to Completion although existing awards could vest (see (ii) below) and/or the Company may make further awards under the CWC Share Plans (see (iii) below).

The maximum interests in CWC Shares of the Concert Parties as at Completion under this waiver are set out in the table below.

<u>Shareholder</u>	<u>Number of interests in ordinary shares⁽¹⁾</u>	<u>Percentage of issued share capital of Acquiring Company immediately following Completion⁽¹⁾</u>
Clearwater Holdings (Barbados) Limited	57,744,717	1.33
CVBI Holdings (Barbados) Inc.	788,610,419	18.18
Columbus Holding LLC	575,096,759	13.26
Brendan Paddick	136,077,710	3.14
Sir Richard Laphorne	9,000,000	0.21
Phil Bentley	5,265,968 ⁽²⁾	0.12
Nick Cooper	2,558,646 ⁽²⁾	0.06
Ralph Perley McBride	700,000	0.02
Simon Ball	504,348	0.01
Alison Platt	23,764	<0.01
Ian Tyler	4,000	<0.01
Mark Hamlin	122,222	<0.01
Total	1,575,708,553	36.32

⁽¹⁾ Figures are calculated assuming that the interests in CWC of the Directors as at close of business on 17 November 2014 do not change, that 1,557,529,605 Ordinary Shares are issued to the Principal Vendors in connection with the Acquisition and that no further issues of Ordinary Shares occur between publication of this circular and Completion. In accordance with the City Code, the percentage ownership is calculated by reference to shares in issue outside treasury.

⁽²⁾ Interests in shares stated include 265,968 CWC Shares awarded to Phil Bentley and 488,061 CWC Shares awarded to Nick Cooper under the Deferred Bonus Plan. Each of Phil Bentley and Nick Cooper hold beneficial title to such shares but the shares are subject to claw back provisions until at least 29 May 2015.

As a result of the issue of Consideration Shares at Completion, the Concert Parties will hold over 30 per cent. of the voting rights of the Company and a mandatory offer would normally be required under Rule 9 of the City Code. The Panel has agreed, however, that subject to the Whitewash Resolution being passed on a poll by the Independent Shareholders at the General Meeting, it will waive the requirement under Rule 9 of the City Code for a mandatory offer to be made for the CWC Shares not already owned by the Concert Parties as a result of Completion and the issue of the Consideration Shares.

(ii) *Waiver in respect of existing awards under the Performance Share Plan*

There are 12,381,422 shares under award as at the Latest Practicable Date in favour of Directors under CWC's Performance Share Plan. Details of the shares awarded to Directors as well as award and vesting dates under the Performance Share Plan are set out in Section 3.2 of Part VI (*Additional Information*).

The vesting of any of these awards and/or the release of the CWC Shares would give rise to a mandatory offer obligation arising at Completion or, if later, at the date of the vesting of the awards and/or the release of the CWC Shares.

The Panel has agreed, however, that subject to the Whitewash Resolution being passed on a poll by the Independent Shareholders at the General Meeting, it will waive the requirement under Rule 9 of the

City Code for a mandatory offer to be made for the CWC Shares not already owned by the Concert Parties as a result of the vesting of awards and/or the release of up to 12,381,422 CWC Shares (in aggregate) pursuant to the Performance Share Plan. Any acquisitions of interests in CWC Shares upon such vesting of awards and/or release of CWC Shares must be by issue of new shares or transfer of shares out of treasury (including by way of CWC's employee benefit trust).

(iii) Waivers in respect of mandatory offer obligations that may arise as a result of ordinary course arrangements following Completion

Following Completion, the Concert Parties will in aggregate hold CWC Shares carrying more than 30 per cent., but not more than 50 per cent., of the Enlarged Group's voting share capital. In such circumstances any further increase by the Concert Parties in their aggregate interests in shares will be subject to the provisions of Rule 9.

As a result of the Panel's determination that the Directors of CWC (and their Close Relatives) from time to time are deemed to form part of the Concert Parties, the continued operation of certain arrangements of the Company that are currently carried on in the ordinary course, as described below, could give rise to obligations upon certain members of the Concert Parties to make a mandatory offer under Rule 9.

However, the Panel has agreed that subject to the Whitewash Resolution being passed on a poll by the Independent Shareholders at the General Meeting, it will waive the requirement under Rule 9 of the City Code for a mandatory offer to be made for the CWC Shares not already owned by the Concert Parties as a result of acquisitions of interests in CWC Shares under these ordinary course arrangements as further described below.

(a) CWC Share Plans

The Company currently operates two share schemes under which Directors may be granted awards: (1) the Performance Share Plan; and (2) the Deferred Bonus Plan.

The grant to or exercise by Directors (or their Close Relatives, if applicable) of options over CWC Shares and making and/or vesting and/or release of awards of CWC Shares to Directors (or their Close Relatives, if applicable) in each case under the CWC Share Plans could increase the percentage shareholding of the Concert Parties, and consequently prompt a mandatory offer under Rule 9 of the City Code.

However, the Panel has agreed that, subject to the Whitewash Resolution being passed on a poll by the Independent Shareholders at the General Meeting, it will waive the requirement under Rule 9 of the City Code for a mandatory offer to be made for the CWC Shares not already owned by the Concert Parties as a result of the grant to or exercise of options over CWC Shares by Directors (or their Close Relatives, if applicable) and the making and/or vesting and/or release of awards of CWC Shares to Directors (or their Close Relatives, if applicable) in each case under the CWC Share Plans, up to a maximum of 50,000,000 CWC Shares in the aggregate. Any such acquisitions must be by issue of new shares or transfer of shares out of treasury (including by way of CWC's employee benefit trust).

CWC proposes a maximum of 50,000,000 awards over CWC shares be permissible under this waiver. This maximum is currently considered to be sufficient to enable CWC to continue to make awards in accordance with applicable rules and past practice under the current circumstances. Awards will continue to be made by CWC in accordance with applicable rules and CWC's past practice.

(b) Directors' shareholding requirements

In order to align their interests with shareholders, CWC's Chief Executive Officer and Chief Financial Officer are generally required to hold shares equalling 400 per cent. and 300 per cent., respectively, of their respective annual salaries. These shareholding requirements have in the past been met by the Chief Executive Officer and the Chief Financial Officer by shares awarded under the CWC Share Plans or by acquisition of CWC Shares.

To the extent the Chief Executive Officer and Chief Financial Officer are Directors of CWC, they will effectively be prevented from acquiring CWC Shares after Completion to satisfy shareholding requirements, because to do so would give rise to a requirement for a mandatory offer under Rule 9 of the City Code.

The Panel has agreed, however, that, subject to the Whitewash Resolution being passed on a poll by Independent Shareholders at the General Meeting, it will waive the requirement under Rule 9 of the City Code for a mandatory offer to be made for the CWC Shares not already owned by the Concert Parties as a result of acquisitions by the Directors of up to 15,000,000 (in aggregate) CWC Shares to meet CWC's shareholding requirements. Any such acquisitions must be by issue of new shares or transfer of shares out of treasury (including by way of CWC's employee benefit trust).

(c) *Dividend reinvestment plan*

CWC operates a dividend reinvestment plan for all its shareholders, including the Directors, under which shareholders can elect to receive shares instead of receiving cash dividends. In order to satisfy elections by shareholders for shares, CWC's registrars arrange for CWC Shares to be purchased in the market. As market purchases cannot be whitewashed, the Directors will be unable to continue to participate in the dividend reinvestment plan in line with current practice and requests.

However, the Panel has agreed that, subject to the Whitewash Resolution being passed on a poll by Independent Shareholders at the General Meeting, it will waive the requirement under Rule 9 of the City Code for a mandatory offer for the CWC Shares not already owned by the Concert Parties as a result of acquisitions by Directors of up to 10,000,000 (in aggregate) CWC Shares which acquisitions are in proportion to the amounts that they would otherwise have received through participation in the Company's dividend reinvestment plan. Any such acquisitions must be by issue of new shares or transfer of shares out of treasury (including by way of CWC's employee benefit trust).

10.4 The Whitewash Resolution

CWC therefore proposes that Independent Shareholders approve the Panel's waivers of any obligation on the Concert Parties (or any member thereof) to make a mandatory offer under Rule 9 of the City Code arising as a result of:

- (a) the issue of the Consideration Shares at Completion, as set out in paragraph 10.3(i) above;
- (b) the existing 12,381,422 awards over CWC Shares under the Performance Share Plan outstanding in favour of the Directors on the Last Practicable Date, as set out in paragraph 10.3(ii) above; and
- (c) the ordinary course arrangements set out in paragraph 10.3(iii) above, being (i) the making to Directors (or their Close Relatives) / vesting/release of up to a further 50,000,000 (in aggregate) awards over CWC Shares under the CWC Share Plans, (ii) up to 15,000,000 (in aggregate) CWC Shares being acquired by Directors to meet CWC's shareholding requirements, and (iii) up to 10,000,000 (in aggregate) CWC Shares being acquired by Directors in proportion to the amount that they would otherwise have received through participation in the Company's dividend reinvestment plan.

It is proposed that the Independent Shareholders approve the above resolutions by a poll at the General Meeting as further set out in Part XII (*Notice of General Meeting*).

The resolutions to approve the Acquisition or, if required the Scheme, are inter-conditional with the Whitewash Resolution and all such Resolutions must be passed in order for the Acquisition to be implemented.

10.5 Maximum interests in CWC Shares

For the purpose of the City Code, the Panel has agreed that, subject to the Whitewash Resolution being passed on a poll by Independent Shareholders at the General Meeting, it will waive the requirement under Rule 9 of the City Code for a mandatory offer for the CWC Shares, as described in paragraph 10.3 above. Accordingly, the passing of the Whitewash Resolution would permit up to the following number of interests in shares to be held by the Concert Parties without giving rise to a mandatory offer obligation under Rule 9:

<u>Waiver</u>	<u>Maximum interest in CWC Shares</u>	<u>Percentage of issued share capital of the Acquiring Company immediately following Completion⁽¹⁾</u>
Waiver in respect of the issue of the Consideration Shares (paragraph 10.3(i))	1,575,708,553 ⁽²⁾	36.32
Waiver in respect of existing awards under the Performance Share Plan (paragraph 10.3(ii))	12,381,422	0.29
Waiver in respect of further awards under the CWC Share Plans (paragraph 10.3(iii)(a))	50,000,000	1.15
Waiver in respect of CWC Shares acquired by Directors to meet shareholding requirements (paragraph 10.3(iii)(b))	15,000,000	0.35
Waiver in respect of CWC Shares acquired by Directors in proportion to the amount that they would otherwise have received through the dividend reinvestment plan (paragraph 10.3(iii)(c))	10,000,000	0.23
Total	1,663,089,975	38.34

⁽¹⁾ Figures are calculated assuming that the interests in CWC of the Directors as at close of business on 17 November 2014 do not change, that 1,557,529,605 Ordinary Shares are issued to the Principal Vendors in connection with the Acquisition and that no further issues of Ordinary Shares occur between publication of this circular and the Completion Date. In accordance with the City Code, the percentage ownership is calculated by reference to shares in issue outside treasury.

⁽²⁾ Interests in shares stated include 754,029 (in aggregate) CWC Shares awarded to Phil Bentley and Nick Cooper under the Deferred Bonus Plan as of the Latest Practicable Date.

10.6 Application of Whitewash Resolution to New CWC

If the Scheme is implemented, the Concert Parties will, after Completion, comprise the Principal Vendors, the Ultimate Controllers and the directors of New CWC (who will be identical to the Directors of CWC) (and the directors' Close Relatives).

The Whitewash Resolution provides that it will apply in respect of New CWC and New CWC Shares as it does to CWC and CWC Shares.

11. New Financing

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

- a USD460m senior secured two-year bridge facility (the “**Secured Bridge**”);
- a USD300m senior unsecured two-year bridge facility (the “**Unsecured Bridge**”);
- a USD404m 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 (the “**SIFL Backstop Bridge**”);
- a USD1,262.5m 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 (the “**Columbus Backstop Bridge**”); and
- a USD500m senior secured revolving credit facility (the “**New RCF**”), with any amount up to USD425m 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, CWC will be required to post a GBP100m letter of credit in favour of the trustees of CWC's final salary pension scheme (the "**Pension Trustees**"). If the Acquisition transaction is effected by way of the Scheme as described above, the Pension Trustees will have the right to call on this letter of credit. CWC is discussing the Acquisition with the Pension Trustees.

12. 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 Section 6.1 of Part VI (*Additional Information*) of this circular. Details of the letters of appointment of the Proposed Directors are set out in Section 6.2 of Part VI (*Additional Information*) of this circular.

13. Summary of the terms of the Scheme

If the Acquisition of Columbus needs to be effected by New CWC, New CWC will also acquire CWC with the latter being effected by means of the Scheme between CWC and the Shareholders (which is not conditional upon completion of the Acquisition).

Under the terms of the Scheme, Shareholders on the register at the Scheme Record Time will receive:

for each CWC Share one (1) New CWC Share

New CWC will issue ordinary shares to Shareholders in consideration for the cancellation of the CWC Shares and issue of ordinary shares by CWC to New CWC. The reserve in CWC resulting from the cancellation of the CWC Shares will be capitalised by the issue of fully paid new shares in CWC to New CWC. If the Scheme becomes effective Shareholders will cease to own shares in CWC and instead will own New CWC Shares, and New CWC will own all the shares in CWC and will become the holding company of CWC.

It is intended that New CWC will change its name to Cable & Wireless Communications Plc on the Scheme Effective Date. At the same time CWC will change its name to Cable & Wireless Communications Group Plc, with the result that the holding company of the Enlarged Group (i.e. New CWC) will have the name Cable & Wireless Communications Plc. On the Scheme Effective Date your existing share certificates for the CWC Shares will cease to be valid and should be destroyed. It is expected that share certificates for the New CWC Shares will be despatched within five Business Days of the Scheme Effective Date (these certificates will be in the name of Cable & Wireless Communications Plc but with company number 9297623).

The introduction of New CWC as the holding company of CWC will be followed by a reduction of share capital in New CWC. If the Court sanctions the New CWC Reduction of Capital, the nominal value of each New CWC Share will be reduced from USD0.60 to USD0.05 thereby creating distributable reserves of USD0.55 per share. In the event that in connection with the Scheme, the issue of New CWC Shares with a nominal value of USD0.60 each would or may (in the reasonable opinion of the Directors) result in the issue of shares at a discount, New CWC will, prior to the Scheme becoming effective, take steps to procure that the New CWC Shares are issued with a lower nominal value which is, in the reasonable opinion of the Directors, appropriate to ensure that such shares are not issued at a discount to their nominal value. In such circumstances, the actual amount of distributable reserves which would be created by the New CWC Reduction of Capital would be reduced accordingly.

Ignoring the subsequent Acquisition of Columbus by New CWC, the Scheme itself will not substantially alter the assets and liabilities of the CWC Group and the CWC Group will have substantially the same business, management and operations after the Scheme Effective Date as the CWC Group had before that date.

The last day of dealings in CWC Shares is expected to be the Scheme Effective Date. The last time for the registration of transfers of CWC Shares would be 6 p.m. on the Scheme Record Date.

Application will be made for the New CWC Shares to be admitted to listing on the premium segment of the Official List of the UKLA and to be traded on the London Stock Exchange's main market for listed

securities. It is expected that the Introduction of the New CWC Shares will become effective and that dealings will commence on the London Stock Exchange at 8 a.m., on the Business Day immediately following the Scheme Effective Date.

These dates may be deferred if it is necessary to adjourn any meetings required to approve the arrangements described in this circular or if there is any delay in obtaining the Court's sanction of the Scheme. In the event of a delay, the application for the CWC Shares to be delisted will be deferred, so that the listing will not be cancelled until the Scheme Effective Date.

The Scheme requires the approval of the Shareholders at the Court Meeting convened by order of the Court and the passing of the special resolution, numbered 7, at the General Meeting to be held immediately after the Court Meeting. The Scheme also requires the sanction of the Court. The CWC Reduction of Capital requires confirmation of the Court.

The Directors would not take the necessary steps to implement the Scheme until shortly prior to Completion of the Acquisition. It is expected that the Acquisition will complete and the Scheme, if required, would become effective in Q1 2015. However, given that the Scheme will be implemented, if required, only shortly prior to Completion and that Completion is subject to various conditions precedent, the Directors are not currently able to give certain dates for the Scheme Effective Date and the Introduction of the New CWC Shares. An announcement confirming the expected dates in respect of the Scheme and the Acquisition, as well as the Introduction of the New CWC Shares, will be made in due course. The Scheme is not conditional upon the Acquisition.

A full explanation of the proposals relating to the Scheme is contained in Part VIII (*Explanatory Statement*) of this circular.

The recommendation of the Directors in respect of the Court Resolution and the Scheme Resolutions, to be proposed at the Court Meeting and the General Meeting respectively, is set out in paragraph 21 (*Recommendation*) of this letter.

14. Employee Share Plans

If the Scheme is not implemented, approval of the Deferred Bonus Plan will be sought at the General Meeting. This requires the passing of the ordinary resolution, numbered 5, in the Notice of General Meeting. A summary of the terms of the Deferred Bonus Plan is set out in Section 14.4 of Part VI (*Additional Information*) of this circular.

If the Scheme needs to be effected, approval of the New Share Plans will be sought at the General Meeting. This requires the passing of the ordinary resolution, numbered 8, in the notice of General Meeting. This will enable the directors of New CWC to establish the New Share Plans after the Scheme becomes effective. Accordingly, resolution 8 is conditional upon the Scheme becoming effective.

The New Share Plans will permit the grant of new share options and awards to employees only, on substantially the same terms as the corresponding CWC Share Plans. A summary of the terms of the New Share Plans is set out in Sections 14.1-14.3 of Part VI (*Additional Information*) of this circular.

In respect of the Scheme, information will be sent to participants in the CWC Share Plans to explain the implications of the Scheme on their options and awards and what action, if any, they need to take. A general summary of the position is set out in Section 14 of Part VI (*Additional Information*) of this circular.

15. Taxation

Your attention is drawn to the general description set out in Part VII (*Taxation*) of this circular of certain United Kingdom tax consequences in respect of the Scheme relevant to Shareholders who are resident (or, in the case of individuals, domiciled and resident) in the United Kingdom for tax purposes.

The summary is intended as a guide only and Shareholders who are in doubt about their tax position are strongly advised to contact an appropriate professional, independent adviser immediately.

16. Overseas Shareholders

Shareholders who are resident in, or citizens of, jurisdictions outside the United Kingdom should refer to Section 9 of Part VIII (*Explanatory Statement*) of this circular for further details concerning the Acquisition and the Scheme and important information relevant to you.

17. Meetings

17.1 General Meeting

Set out at the end of this circular is a notice convening a General Meeting to be held at Hilton Hotel Paddington, 146 Praed Street, London W2 1EE, at 10.05 a.m. on 5 December 2014. This General Meeting is to be held for the purpose of considering and, if thought fit, passing the GM Resolutions. The Acquisition is conditional upon all the requisite GM Resolutions being passed. A summary and explanation of the GM Resolutions is set out below, but please note that this does not contain the full text of the GM Resolutions and you should read this in conjunction with the GM Resolutions in the Notice of General Meeting at the end of this circular.

At the General Meeting you will be asked to approve:

- (A) subject to resolutions 2, 3 and 6 being approved, an ordinary resolution (numbered 1) approving the Acquisition and the associated and ancillary arrangements related to it;
- (B) subject to resolutions 1, 3 and 6 being approved, an ordinary resolution (numbered 2) granting the Directors authority to issue up to 1,557,529,605 new ordinary shares in the capital of the Company up to an aggregate nominal amount of USD77,876,480.25 in connection with the Acquisition and authority to issue up to 130,000,000 new ordinary shares in the capital of the Company up to an aggregate nominal amount of USD6,500,000 in connection with the rollover or satisfaction of awards under Columbus International Inc's share schemes and/or other arrangements considered desirable to incentivise persons holding awards thereunder, such authorities to expire on 30 September 2015;
- (C) subject to resolutions 1, 2 and 6 being approved, an ordinary resolution (numbered 3) approving the entry into of, and performance of the Company's obligations under, each Put Option Deed, such approval to expire on the fifth anniversary of this resolution;
- (D) subject to resolutions 1, 2, 3 and 6 being approved, an ordinary resolution (numbered 4) granting the Directors authority to issue up to 2,000,000,000 new ordinary shares in the capital of the Company up to an aggregate nominal amount of USD100,000,000 in connection with the Company funding the payment of all or part of the price due by it on repurchase of any of the ordinary shares pursuant to an exercise under the Put Option Deeds, such authority to expire on the fifth anniversary of this resolution;
- (E) subject to resolutions 1, 2, 3 and 6 being approved, an ordinary resolution (numbered 5) approving the terms of the Deferred Bonus Plan; and

OR, if the Scheme is to be effected:

- (A) subject to the Scheme being approved at the Court Meeting and resolution 6 being approved, a special resolution (numbered 7) approving matters necessary to implement the Scheme, including the CWC Reduction of Capital, the establishment of New CWC as the new holding company of the CWC Group and the ancillary matters including amendments to CWC's Articles and the authorisation of the allotment of CWC Shares pursuant to the Scheme;
- (B) subject to the Scheme referred to in resolution 7 becoming effective and to the passing of resolution 6, ordinary resolutions (numbered 8) approving the adoption by New CWC of the New Share Plans; and

AND, in either case:

- (A) subject to resolutions 1, 2 and 3 or, if applicable, resolutions 7 and 8 being approved, an ordinary resolution (numbered 6) to approve certain waivers granted by the Panel of obligations that might otherwise arise on the Concert Parties and/or any person acting in concert with them to make a general offer to Shareholders as a result of or following the Acquisition.

It is intended that Resolutions 1-5 will not be put before the General Meeting if the Scheme is required. If the Scheme is required, Resolutions 7 and 8 will instead be put before the General Meeting. Resolution 6 will be put before the General Meeting whether or not the Scheme is required. **Nonetheless Shareholders are asked to return Forms of Proxy completed in respect of all Resolutions.**

If ordinary resolution 2 is passed, the Directors shall have the authority to allot, in addition to any other authority conferred on the Directors including at the last annual general meeting of the Company, CWC Shares or grant rights to subscribe for or convert any securities into CWC Shares up to an aggregate nominal amount equal to USD77,876,480.25 (representing 1,557,529,605 CWC Shares of USD0.05 each) together with any additional shares and/or rights to subscribe for or convert any security into shares in the Company, credited as fully paid, in connection with the rollover or satisfaction of awards under Columbus

International Inc's share schemes and/or other arrangements considered desirable to incentivise persons holding awards thereunder up to an aggregate nominal amount of USD6,500,000 (representing 130,000,000 CWC Shares of USD0.05 each). This authority will expire on 30 September 2015 and is in addition to any subsisting authorities to allot shares in the Company.

If ordinary resolution 4 is passed, the Directors shall have the authority to allot, in addition to any other authority conferred on the Directors including at the last annual general meeting of the Company and pursuant to resolution 2, CWC Shares up to an aggregate nominal amount equal to USD100,000,000 (representing 2,000,000,000 CWC Shares of USD0.05 each). This authority is to enable the Company to allot new shares (if required) to fund its payment obligations under any Put Option Deeds exercised by the holders thereof. The current intention of the Directors is to cancel all shares bought back following the exercise of a put under a Put Option Deed to minimise any dilution to Shareholders. This authority will expire on the fifth anniversary of the resolution being passed and is in addition to any subsisting authorities to allot shares in the Company.

Please see paragraph 10 (*Rule 9 Waiver*) of this letter for further information on resolution 6, the Whitewash Resolution.

As at the Latest Practicable Date, CWC held 137,488,873 shares in treasury, which amounted to 4.71 per cent. of the then issued ordinary share capital (including treasury shares).

The Directors have no present intention to issue new ordinary shares, other than pursuant to the Acquisition, the CWC Share Plans and in connection with the Company funding the payment of all or part of the price due by it on repurchase of any of the Ordinary Shares pursuant to an exercise under the Put Option Deeds.

The resolutions at the General Meeting will be determined by a poll and not a show of hands. Resolutions 1-5 and 8 will be passed if more than 50 per cent. of the votes cast (either in person or by proxy) are in favour of the resolutions. Resolution 7 will be passed if not less than 75 per cent. of the votes cast (either in person or by proxy) are in favour of the resolution. Resolution 6, the Whitewash Resolution, will be passed if more than 50 per cent. of the votes cast by the Independent Shareholders (either in person or by proxy) are in favour of the resolution.

17.2 Court Meeting

Set out at the end of this circular is a notice convening the Court Meeting to be at Hilton Hotel Paddington, 146 Praed Street, London W2 1EE, on 5 December 2014.

At the Court Meeting, you will be asked to approve the Scheme. In so approving the Scheme, Shareholders will also be approving the acquisition of Columbus by New CWC. The statutory majority required to approve the Scheme at the Court Meeting is a majority in number of those Shareholders who are present and vote in person or by proxy, and those voting in favour must also represent 75 per cent. or more in value of the CWC Shares that are voted.

Authority to undertake the New CWC Reduction of Capital will be granted to the directors of New CWC by the present voting members of New CWC prior to the Scheme Effective Date. The directors of New CWC will be authorised to implement the New CWC Reduction of Capital only if Shareholders pass the special resolution, numbered 7, which will be proposed at the General Meeting to approve matters necessary to implement the Scheme.

Prior to the Scheme Effective Date, a general meeting of New CWC will be held at which shareholder approval will be sought for the directors of New CWC to be granted: (a) authority to allot New CWC Shares requisite to the implementation of the Scheme; (b) authority to allot the requisite number of New CWC Shares to the Principal Vendors as part of the consideration for the Acquisition; (c) authority to allot New CWC Shares to fund the payment of all or part of the price due by it on repurchase of any of the Ordinary Shares pursuant to an exercise under the Put Option Deeds; (d) general authorities to allot New CWC Shares, to make allotments otherwise than in accordance with pre-emption rights and to make purchases of New CWC Shares, with all such authorities to be based on the expected issued share capital of New CWC following the Acquisition; (e) authority to adopt a directors' remuneration policy which shall be equivalent in all material respects to the policy adopted by CWC; and (f) authority to adopt any other policy, procedure, terms of reference or similar document which is equivalent in all material respects to the policy, procedure, terms of reference or similar document adopted by CWC.

Accordingly, Shareholders will not be required separately to approve the New CWC Reduction of Capital or any of the other shareholder authorities referred to above once they have become holders of New CWC Shares pursuant to the Scheme.

18. Actions to be taken

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

Blue Forms of Proxy in respect of the Court Meeting may also be handed to the Registrar or the Chairman of the Court Meeting at the Court Meeting before the start of the Court Meeting. However, in the case of the General Meeting, Pink Forms of Proxy will be invalid unless lodged so as to be received at least 48 hours before the time appointed for the General Meeting.

If you hold your CWC Shares in uncertificated form (i.e. in CREST), you may appoint a proxy by completing and transmitting a CREST Proxy Instruction in accordance with the procedure set out in the CREST Manual so that it is received by the Registrar (under CREST participant ID RA19) by no later than 48 hours before the relevant meeting. The time of receipt will be taken to be the time from which the Registrar is able to receive the message by enquiry to CREST in the manner prescribed by CREST. Unless the Forms of Proxy or CREST Proxy Instructions are received by the date and time specified above, it will be invalid.

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

19. Additional information

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

20. Financial Advice

The Board has received financial advice from Evercore in relation to the Acquisition and the Scheme. In providing its financial advice to the Board, Evercore has taken into account the Board's commercial assessment of the Acquisition.

21. Recommendation

The Board considers the Acquisition, the Scheme and the Resolutions, other than the Whitewash Resolution, to be in the best interests of CWC and the Shareholders as a whole and accordingly unanimously recommends Shareholders to vote in favour of those Resolutions, as they intend to do in respect of their own shareholdings.

In addition, the Board, who has been so advised by Evercore, considers the Whitewash Resolution to be fair and reasonable and in the best interests of CWC and the Shareholders as a whole and accordingly unanimously recommend Shareholders to vote in favour of that resolution. In accordance with the requirements of the City Code, the Directors (and their Close Relatives) will not be voting on their interests in CWC Shares in respect of the Whitewash Resolution.

As at the Latest Practicable Date, the Directors' beneficial holdings amount to 18,178,948 CWC Shares representing 0.654 per cent. of the issued ordinary share capital of CWC¹⁵.

Yours faithfully,

Sir Richard Lapthorne, CBE
Chairman

¹⁵ Excluding treasury shares.

PART II

RISK FACTORS

This Part II addresses certain risks to which the CWC Group, the Columbus Group and/or the Enlarged Group are exposed, which could adversely affect the business, results of operations, cash flow, financial condition, turnover, profits, assets, liquidity and/or capital resources of the CWC Group, the Columbus Group and/or the Enlarged Group, as appropriate. Prior to voting on the Acquisition and, if applicable, the Scheme, Shareholders should consider these risks fully and carefully, together with all the information set out in this circular.

Additional risks and uncertainties currently unknown to CWC, or which CWC currently deems immaterial may also have an adverse effect on the financial condition or business of the CWC Group, the Columbus Group and/or the Enlarged Group.

The information is given as of the date of this circular.

1. RISKS RELATING TO THE ACQUISITION, THE SCHEME, IF APPLICABLE, AND THE CONSIDERATION SHARES

1.1 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.

1.2 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.

1.3 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.

1.4 Regulatory approvals required in respect of the US Carve-Out Businesses may not be obtained, may be delayed and conditions may be imposed

The completion of the acquisition of the US Carve-Out Businesses 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 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 the Acquiring Company not to acquire the relevant businesses.

1.5 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.

1.6 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 Businesses 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 Businesses 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 Businesses to the Enlarged Group, not to be completed.

1.7 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 and subsequent transfer of the US Carve-Out Businesses are 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 are 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.

1.8 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 Completion 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 Businesses are 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 Businesses: The subsequent transfer of the US Carve-Out Businesses may not be completed as contemplated, including if required regulatory consents are not obtained. If a US Carve-Out Business is not transferred to the Enlarged Group, the Enlarged Group will not be able to integrate the operations of the US Carve-Out Business 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 establish or join competing entities. 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 Ordinary Shares as well as a material adverse effect on the business, financial condition and result of operations of the Enlarged Group.

1.9 If the consent from 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 (as set out in paragraph 1 of Part I (*Letter from the Chairman of Cable & Wireless Communications Plc*)), 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.

1.10 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.

1.11 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.

1.12 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. See the 'Expected Timetable of Principal Events' on page 4 of this circular for further information on the expected dates of these events.

1.13 The value of the Consideration Shares and Ordinary 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 Ordinary 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 Ordinary Shares.

1.14 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.

1.15 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, the Acquiring Company is obliged to purchase the Consideration Shares pertaining to such Relevant Annual Put Option. The Acquiring Company'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, the Acquiring Company 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 Ordinary Shares would represent of the total share capital of the Enlarged Group would be reduced accordingly.

1.16 Financial resources

The CWC Group is of the opinion that the Enlarged Group, taking into account its available bank facilities, has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this document. Any growth and development of the Enlarged Group beyond that envisaged by the Directors 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 Directors believe 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

2.1 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.

2.2 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.

2.3 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 strategies, they each seek to acquire businesses and invest 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.

2.4 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 USD 250 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.

2.5 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.

2.6 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.

2.7 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.

2.8 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.

FORWARD-LOOKING STATEMENTS

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

RECONCILIATIONS

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	<u>162</u>	<u>185</u>	<u>216</u>	<u>102</u>	<u>118</u>

Segmental EBITDA Reconciliation

	Year ended 31 December 2011				Year ended 31 December 2012				
	Networks	Flow	Eliminations & Adjustments		Networks	Flow	Eliminations & Adjustments		Total
			USDm	USDm			USDm	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	<u>88</u>	<u>71</u>	<u>3</u>	<u>162</u>	<u>93</u>	<u>89</u>	<u>3</u>	<u>185</u>	

	Year ended 31 December 2013				
	Networks	Flow	Eliminations & Adjustments		Total
			USDm	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	<u>106</u>	<u>110</u>	<u>-</u>	<u>216</u>	

	Six months ended 30 June 2013				Six months ended 30 June 2014			
	Networks	Flow	Eliminations & Adjustments	Total	Networks	Flow	Eliminations & Adjustments	Total
	USDm	USDm	USDm	USDm	USDm	USDm	USDm	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	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>
EBITDA	<u>54</u>	<u>47</u>	<u>1</u>	<u>102</u>	<u>57</u>	<u>67</u>	<u>(6)</u>	<u>118</u>

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.

At 30 June 2014

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

PART III

FINANCIAL INFORMATION ON COLUMBUS

PART III(A): ACCOUNTANT'S REPORT IN RESPECT OF THE HISTORICAL FINANCIAL INFORMATION RELATING TO COLUMBUS

19 November 2014

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

Dear Sirs

Columbus International Inc

We report on the consolidated financial information of Columbus International Inc set out in Part III(B) for the years ended 31 December 2011, 2012 and 2013 (the "Historical Financial Information"). This Historical Financial Information has been prepared for inclusion in the circular of Cable & Wireless Communications Plc dated 19 November 2014 relating to the acquisition of Columbus International Inc on the basis of the accounting policies set out in note 1.2 of Part III(B) of the circular. This report is required by Listing Rule 13.5.21 and is given for the purpose of complying with that rule and for no other purpose.

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

Responsibilities

The Directors of Cable & Wireless Communications Plc are responsible for preparing the Historical Financial Information on the basis of preparation set out in note 1.2 of Part III(B) of the circular and in a form that is consistent with the accounting policies adopted in Cable & Wireless Communications Plc's latest annual accounts.

It is our responsibility to form an opinion on the Historical Financial Information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Historical Financial Information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the Historical Financial Information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Historical Financial Information is free from material misstatement whether caused by fraud or other irregularity or error.

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 Historical Financial Information gives, for the purposes of the circular dated 19 November 2014, a true and fair view of the state of affairs of Columbus International Inc as at the dates stated and of its consolidated losses, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Yours faithfully

Ernst & Young LLP

PART III(B): AUDITED HISTORICAL FINANCIAL INFORMATION ON COLUMBUS

Consolidated Historical Financial Information

Consolidated income statement

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

	Note	2011			2012			2013		
		Pre-exceptional items	Exceptional items ¹	Total	Pre-exceptional items	Exceptional items ¹	Total	Pre-exceptional items	Exceptional items ¹	Total
		USDm	USDm	USDm	USDm	USDm	USDm	USDm	USDm	USDm
Revenue	1.3	364	-	364	427	-	427	505	-	505
Operating costs before depreciation and amortisation	1.5	(202)	(1)	(203)	(242)	(7)	(249)	(289)	(2)	(291)
Depreciation	2.5	(68)	-	(68)	(74)	-	(74)	(82)	-	(82)
Amortisation	2.4	(6)	-	(6)	(8)	-	(8)	(14)	-	(14)
Other operating expense	1.5	(13)	-	(13)	(10)	-	(10)	(12)	-	(12)
Group operating profit/(loss)		75	(1)	74	93	(7)	86	108	(2)	106
Share of loss of joint ventures and associates		-	-	-	(1)	-	(1)	(2)	-	(2)
Total operating profit/(loss)		75	(1)	74	92	(7)	85	106	(2)	104
Finance expense	3.1	(73)	-	(73)	(81)	-	(81)	(96)	-	(96)
Profit/(loss) before income tax		2	(1)	1	11	(7)	4	10	(2)	8
Income tax expense	1.6	(10)	-	(10)	(18)	-	(18)	(17)	-	(17)
Loss for the year		(8)	(1)	(9)	(7)	(7)	(14)	(7)	(2)	(9)
Loss attributable to:										
Owners of the parent company		(8)	(1)	(9)	(7)	(7)	(14)	(7)	(2)	(9)
Loss for the year		(8)	(1)	(9)	(7)	(7)	(14)	(7)	(2)	(9)

1 Further detail on exceptional items is set out in Section 4.1(N) of this Part III(B) and in the relevant note for each item.

**Consolidated statement of comprehensive income
for the three years ended 31 December 2011, 2012 and 2013**

	<u>2011</u>	<u>2012</u>	<u>2013</u>
	USDm	USDm	USDm
Loss for the year	(9)	(14)	(9)
Items that are or may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations	-	(11)	(21)
Other comprehensive expense for the year, net of tax	-	(11)	(21)
Total comprehensive expense for the year	(9)	(25)	(30)
Total comprehensive expense attributable to:			
Owners of the Parent Company	(9)	(25)	(30)

**Consolidated statement of changes in equity
for the three years ended 31 December 2011, 2012 and 2013**

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Foreign currency translation</u>	<u>Total equity</u>
	USDm	USDm	USDm	USDm
Balance at 1 January 2011	289	(174)	(12)	103
Loss for the year	-	(9)	-	(9)
Total comprehensive expense for the year	-	(9)	-	(9)
Total comprehensive expense attributable to: Owners of the Parent Company	-	(9)	-	(9)
Balance at 31 December 2011	<u>289</u>	<u>(183)</u>	<u>(12)</u>	<u>94</u>
Loss for the year	-	(14)	-	(14)
Other comprehensive expense	-	-	(11)	(11)
Total comprehensive expense for the year	-	(14)	(11)	(25)
Total comprehensive expense attributable to: Owners of the Parent Company	-	(14)	(11)	(25)
Transactions with owners:				
Issued share capital	2	-	-	2
Converted share options	4	-	-	4
Forgiveness of shareholder loan	1	-	-	1
Total transactions with owners of the Parent Company	<u>7</u>	<u>-</u>	<u>-</u>	<u>7</u>
Balance at 31 December 2012	<u>296</u>	<u>(197)</u>	<u>(23)</u>	<u>76</u>
Loss for the year	-	(9)	-	(9)
Other comprehensive expense	-	-	(21)	(21)
Total comprehensive expense for the year	-	(9)	(21)	(30)
Total comprehensive expense attributable to: Owners of the Parent Company	-	(9)	(21)	(30)
Transactions with owners:				
Issued capital	32	-	-	32
Less: issue costs	(2)	-	-	(2)
Forgiveness of shareholder loan	1	-	-	1
Total transactions with owners of the Parent Company	<u>31</u>	<u>-</u>	<u>-</u>	<u>31</u>
Balance at 31 December 2013	<u>327</u>	<u>(206)</u>	<u>(44)</u>	<u>77</u>

**Consolidated statement of financial position
as at 31 December 2011, 2012 and 2013**

	<u>Note</u>	<u>31 December 2011</u>	<u>31 December 2012</u>	<u>31 December 2013</u>
		USDm	USDm	USDm
Assets				
Non-current assets				
Intangible assets	2.4	218	238	276
Property, plant and equipment	2.5	886	946	1,012
Investments in joint ventures and associates		2	4	3
Other receivables	2.1	13	11	10
Deferred tax assets	1.7	42	44	39
		<u>1,161</u>	<u>1,243</u>	<u>1,340</u>
Current assets				
Trade and other receivables	2.1	75	85	105
Inventories		1	1	4
Cash and cash equivalents	3.2	19	58	49
		<u>95</u>	<u>144</u>	<u>158</u>
Total assets		<u>1,256</u>	<u>1,387</u>	<u>1,498</u>
Liabilities				
Current liabilities				
Trade and other payables	2.2	135	144	161
Borrowings	3.3	-	-	638
Current tax liabilities		-	5	5
		<u>135</u>	<u>149</u>	<u>804</u>
Net current liabilities		<u>40</u>	<u>5</u>	<u>646</u>
Non-current liabilities				
Trade and other payables	2.2	329	340	330
Borrowings	3.3	635	751	200
Deferred tax liabilities	1.7	63	71	87
		<u>1,027</u>	<u>1,162</u>	<u>617</u>
Net assets		<u>94</u>	<u>76</u>	<u>77</u>
Equity				
Capital and reserves attributable to the owners of the Parent Company				
Share capital	3.4	289	296	327
Reserves		(195)	(220)	(250)
Total equity		<u>94</u>	<u>76</u>	<u>77</u>

**Consolidated statement of cash flows
for the three years ended 31 December 2011, 2012 and 2013**

	<u>2011</u>	<u>2012</u>	<u>2013</u>
	USDm	USDm	USDm
Cash flows from operating activities			
Cash generated from operations	169	175	189
Income taxes paid	<u>(7)</u>	<u>(9)</u>	<u>(7)</u>
Net cash from operating activities	<u>162</u>	<u>166</u>	<u>182</u>
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment	1	1	3
Purchase of property, plant and equipment	(120)	(122)	(155)
Purchase of intangible assets	(16)	(5)	(7)
Acquisition of subsidiaries, net of cash acquired	<u>-</u>	<u>(36)</u>	<u>(55)</u>
Net cash used in investing activities	<u>(135)</u>	<u>(162)</u>	<u>(214)</u>
Net cash flow before financing activities	<u>27</u>	<u>4</u>	<u>(32)</u>
Cash flows from financing activities			
Proceeds from issuance of share capital	-	1	31
Proceedings from borrowings	-	115	83
Issue costs	(1)	(3)	(1)
Finance costs	<u>(74)</u>	<u>(80)</u>	<u>(92)</u>
Net cash (used in)/from financing activities	<u>(75)</u>	<u>33</u>	<u>21</u>
Net (decrease)/increase in cash and cash equivalents	<u>(48)</u>	<u>37</u>	<u>(11)</u>
Cash and cash equivalents at 1 January	65	19	58
Exchange movements on cash and cash equivalents	<u>2</u>	<u>2</u>	<u>2</u>
Cash and cash equivalents at 31 December	<u>19</u>	<u>58</u>	<u>49</u>

**Consolidated statement of cash flows
for the three years ended 31 December 2011, 2012 and 2013**

The reconciliation of loss for the year to net cash generated from operating activities was as follows:

	<u>2011</u>	<u>2012</u>	<u>2013</u>
	USDm	USDm	USDm
Loss for the year	(9)	(14)	(9)
<i>Adjustments for:</i>			
Tax expense	10	18	17
Depreciation	68	74	82
Amortisation	6	8	14
Loss on sale of plant, property and equipment	4	1	2
Finance expense	73	81	96
Share of loss of joint ventures and associates	-	1	2
Other expenses	(1)	4	(2)
Employee benefits	<u>5</u>	<u>5</u>	<u>1</u>
Operating cash flows before working capital changes	<u>156</u>	<u>178</u>	<u>203</u>
Changes in working capital			
Increase in trade and other receivables	(17)	(7)	(13)
Increase/(decrease) in payables	<u>30</u>	<u>4</u>	<u>(1)</u>
Cash generated from operations	<u>169</u>	<u>175</u>	<u>189</u>

Notes to the consolidated historical financial information

1. Results

1.1 General information

Columbus was incorporated on 13 October 2004 as Ironbound Holdings (Barbados) Limited, then amended on 19 October 2005 to Columbus International Inc. under the Companies Act of Barbados. Its shares are privately held. Columbus is a diversified Caribbean communications company whose core operating business consists of providing cable television services, high speed internet access, digital phone and internet infrastructure services (“Flow”) and the development of an undersea fibre optic cable network, as well as the sale and lease of the telecom capacity provided by the network (“Columbus Networks”).

Columbus’ registered office is located at Suites 205-207 Dowell House Cr. Roebuck & Palmetto Street, Bridgetown, Barbados.

1.2 Basis of preparation and recent accounting changes

(A) Basis of preparation

The consolidated historical financial information (“Historical 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 Historical 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.

The preparation of financial statements in accordance with IFRS as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are considered to be reasonable under the circumstances. They form the basis of judgements about the carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a continuing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future periods affected. Critical judgements and areas where the use of estimates is significant are discussed in Section 4.2 of this Part III(B).

The accounting policies have been applied consistently by Columbus Group entities.

Going concern

After making enquiries, the board of directors of CWC have a reasonable expectation that the Columbus Group has adequate resources to continue in operational existence for the foreseeable future. Notwithstanding the non-financial default discussed below in respect of the 11.5 per cent senior secured notes, which were subsequently refinanced post year end, they continue to adopt the going concern basis in preparing this Historical Financial Information.

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.

Post year end, on 7 May 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 unamortized debt issue costs and unamortized 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.

Basis of consolidation

The Historical Financial Information comprises a consolidation of the accounts of Columbus and its subsidiaries.

(B) Subsidiaries

Subsidiaries are entities controlled by and forming part of the Columbus Group. Control exists when the Columbus Group has the power to govern the financial and operating policies of an entity in order to obtain benefits from its activities. In assessing control, the existence and effect of potential voting rights that are currently exercisable are considered. Subsidiaries are consolidated from the date on which the Columbus Group effectively takes control until the date that control ceases. Accounting policies of subsidiaries are aligned with the policies adopted by the Columbus Group to ensure consistency.

Intercompany transactions, balances and unrealised gains on transactions between Columbus Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(C) Application of recently issued International Financial Reporting Standards (“IFRS”)

The Columbus Group considered the implications of the following standards and amendments to IFRS during the year ended 31 December 2013:

- (i) Amendments to IAS 1 Financial statement presentation. The presentation of ‘other comprehensive income’ now groups items on the basis of whether they will be potentially reclassified to profit or loss;
- (ii) Amendments to IFRS 7 *Financial instruments: Disclosures* – Offsetting financial assets and financial liabilities;
- (iii) IFRS 13 Fair value measurement – Establishes a single framework for measuring fair value and related disclosures; and
- (iv) Amendments to IAS 36 Impairment of assets – Removes certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the adoption of IFRS 13. The amendment is not mandatory for accounting periods starting before 1 January 2014, but has been early adopted by the Group for 2013.

The above standards and amendments were effective for Columbus Group in the year beginning 1 January 2013 and have been applied consistently to all years presented in the Historical Financial Information.

There was no material impact on the Columbus Group upon adoption of any other standards or amendments, other than increased disclosure.

(D) New and amended standards and interpretations endorsed by the EU, to be adopted by the Columbus Group for 2014:

<u>Title</u>	<u>Effective date</u>	<u>Description and impact on the Columbus Group</u>
IFRS 10 Consolidated financial statements	Annual periods beginning on or after 1 January 2014	Builds on existing principles of control, providing further financial statements guidance where control may be difficult to assess. No impact on the Columbus Group is expected.
IFRS 11 Joint arrangements	Annual periods beginning on or after 1 January 2014	Expands the assessment of joint arrangements to consider all facts and circumstances surrounding the arrangements, in addition to the structure of the arrangement as previously required. No impact on the Columbus Group is expected.
IFRS 12 Disclosures on interests in other entities	Annual periods beginning on or after 1 January 2014	Covers all disclosure requirements for all forms of interests in other entities. The disclosures required will be increased in line with the new standard.

There are no other new or amended standards that are considered to have a material impact on the Columbus Group.

In May 2014, IFRS 15 *Revenue from Contracts with Customers* was issued and will be effective for the year ended 31 December 2017 subject to endorsement by the EU. Columbus are still assessing the impact of IFRS 15 relating to changes in the recognition of revenue. There are no other standards that are not yet effective that would be expected to have a material impact on the Columbus Group.

1.3 Revenue

The relevant accounting policy is detailed in Section 4.1(M) of this Part III(B).

	<u>2011</u>	<u>2012</u>	<u>2013</u>
	USDm	USDm	USDm
Total revenue from services	364	427	505

1.4 Segment information

Columbus Group is a Barbados based privately held corporation and, through our subsidiaries, we are a leading provider of wholesale broadband capacity services and cable and broadband-enabled services to commercial and retail customers in the Caribbean, Latin American and North American markets. We manage the business through two operating segments: Columbus Networks and Flow.

Through Columbus Networks we own and/or operate what we believe to be the most advanced multi-ring configured, subsea fibre optic cable network connecting every major country and territory in the Caribbean, Central America and Northern South America. We provide services to telecommunications carriers, Internet Service Providers and large corporations operating in 42 countries in the region (including countries in which we operate through a strategic alliance with CWC).

Columbus have grown to also become a leading provider of cable and broadband-enabled services to retail and commercial customers in Trinidad, Jamaica, Grenada, Curacao, Barbados, Antigua, St Lucia and St Vincent. We offer these services under the unified "Flow" brand, with the exception of Antigua and St Vincent where we are in the process of transitioning from the acquired "Karib Cable" brand.

We monitor the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the Historical Financial Information.

The Columbus Group also has a corporate centre that does not meet the definition of an operating segment as it does not earn revenue from its activities. The non-operating corporate centre is also disclosed within 'eliminations and adjustments' in order to reconcile the reportable segment results to the Group results.

The Chief Executive is the chief operating decision maker of the Columbus Group and considers the performance of each of these operations in assessing the performance of the Columbus Group and making decisions about the allocation of resources. Accordingly, these are the operating segments disclosed. There are no other operating segments identified. The operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive.

<u>Year ended 31 December 2013</u>	<u>Columbus Networks</u>	<u>Flow</u>	<u>Eliminations and adjustments¹</u>	<u>Total</u>
	USDm	USDm	USDm	USDm
Revenue				
– External customers	205	300	-	505
– Intra-segment	<u>1</u>	<u>7</u>	<u>(8)</u>	<u>-</u>
Total revenue	<u>206</u>	<u>307</u>	<u>(8)</u>	<u>505</u>
Profit/(loss) for the year ²	<u>58</u>	<u>44</u>	<u>(111)</u>	<u>(9)</u>
Total assets	<u>736</u>	<u>778</u>	<u>(16)</u>	<u>1,498</u>
Total liabilities	<u>442</u>	<u>731</u>	<u>248</u>	<u>1,421</u>
Other disclosures				
– Capital expenditure	<u>50</u>	<u>105</u>	<u>-</u>	<u>155</u>

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

2 – The profit/(loss) for each operating segment does not include financing costs. Total financing costs for the year ended 31 December 2013 is USD96m.

<u>Year ended 31 December 2012</u>	<u>Columbus Networks</u>	<u>Flow</u>	<u>Eliminations and adjustments¹</u>	<u>Total</u>
	USDm	USDm	USDm	USDm
Revenue				
– External customers	178	249	-	427
– Intra-segment	<u>1</u>	<u>1</u>	<u>(2)</u>	<u>-</u>
Total revenue	<u>179</u>	<u>250</u>	<u>(2)</u>	<u>427</u>
Profit/(loss) for the year ²	<u>47</u>	<u>34</u>	<u>(95)</u>	<u>(14)</u>
Total assets	<u>740</u>	<u>676</u>	<u>(29)</u>	<u>1,387</u>
Total liabilities	<u>488</u>	<u>640</u>	<u>183</u>	<u>1,311</u>
Other disclosures				
– Capital expenditure	<u>52</u>	<u>70</u>	<u>-</u>	<u>122</u>

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

2 – The profit/(loss) for each operating segment does not include financing costs. Total financing costs for the year ended 31 December 2012 is USD81m.

<u>Year ended 31 December 2011</u>	<u>Columbus Networks</u>	<u>Flow</u>	<u>Eliminations and adjustments¹</u>	<u>Total</u>
	USDm	USDm	USDm	USDm
Revenue				
– External customers	154	210	-	364
– Intra-segment	<u>1</u>	<u>1</u>	<u>(2)</u>	<u>-</u>
Total revenue	<u>155</u>	<u>211</u>	<u>(2)</u>	<u>364</u>
Profit/(loss) for the year ²	<u>44</u>	<u>25</u>	<u>(78)</u>	<u>(9)</u>
Total assets	<u>663</u>	<u>629</u>	<u>(36)</u>	<u>1,256</u>
Total liabilities	<u>445</u>	<u>585</u>	<u>132</u>	<u>1,162</u>
Other disclosures				
– Capital expenditure	<u>51</u>	<u>69</u>	<u>-</u>	<u>120</u>

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

2 – The profit/(loss) for each operating segment does not include financing costs. Total financing costs for the year ended 31 December 2011 is USD73m.

There are no differences in the measurement of the reportable segments' results and the Columbus Group's results.

Transactions between the segments are on commercial terms similar to those offered to external customers.

There are no differences in the measurement of the reportable segments' assets and liabilities and the Columbus Group's assets and liabilities. Furthermore, there are no asymmetrical allocations to reportable segments.

(A) Entity-wide disclosures for continuing operations

The revenue from external customers are analysed by product below.

	<u>2011</u>	<u>2012</u>	<u>2013</u>
	USDm	USDm	USDm
Fixed Voice, Broadband and TV	210	249	300
Networks, enterprise, data and other	<u>154</u>	<u>178</u>	<u>205</u>
Total	<u>364</u>	<u>427</u>	<u>505</u>

Revenue for continuing operations from external customers can be classified by country as follows:

	<u>2011</u>	<u>2012</u>	<u>2013</u>
	USDm	USDm	USDm
Flow			
– Barbados (country of domicile)	7	12	22
– Jamaica	80	89	92
– Trinidad and Tobago	110	131	145
– All other countries	14	18	48
Networks	155	179	206
Eliminations	<u>(2)</u>	<u>(2)</u>	<u>(8)</u>
Total	<u>364</u>	<u>427</u>	<u>505</u>

Revenue earned from external customers by the Flow segment has been attributed to each country based on the location in which telecommunications services have been provided.

Columbus' Networks segment is not managed on geographical lines. The necessary information is not available to disclose financial information on this basis and the cost to develop it would be excessive. Consequently revenue earned from external customers by the Networks revenue has not been disclosed by geographical territory.

The Columbus Group did not have any individual external customers who contributed more than 10 per cent. of Columbus Group's total revenue (2012: none; 2011: none).

Non-current assets in continuing operations (other than deferred tax assets) are classified by country as follows:

	<u>2011</u>	<u>2012</u>	<u>2013</u>
	USDm	USDm	USDm
Flow			
– Barbados (country of domicile)	1,207	1,309	1,468
– Jamaica	200	193	178
– Trinidad and Tobago	263	278	251
– All other countries	119	128	189
Networks	562	618	633
Eliminations	<u>(1,232)</u>	<u>(1,327)</u>	<u>(1,418)</u>
Total	<u>1,119</u>	<u>1,199</u>	<u>1,301</u>

1.5 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.

Operating costs are stated net of credits or charges arising from the release or establishment of accruals.

	<u>2011</u>			<u>2012</u>			<u>2013</u>		
	Pre- exceptional	Exceptional items	Total	Pre- exceptional	Exceptional items	Total	Pre- exceptional	Exceptional items	Total
	USDm	USDm	USDm	USDm	USDm	USDm	USDm	USDm	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	<u>120</u>	<u>-</u>	<u>120</u>	<u>139</u>	<u>-</u>	<u>139</u>	<u>173</u>	<u>-</u>	<u>173</u>
Operating costs before depreciation and amortisation	<u>202</u>	<u>1</u>	<u>203</u>	<u>242</u>	<u>7</u>	<u>249</u>	<u>289</u>	<u>2</u>	<u>291</u>
Depreciation of property, plant and equipment	68	-	68	74	-	74	82	-	82
Amortisation of intangible assets	<u>6</u>	<u>-</u>	<u>6</u>	<u>8</u>	<u>-</u>	<u>8</u>	<u>14</u>	<u>-</u>	<u>14</u>
Operating costs	<u>276</u>	<u>1</u>	<u>277</u>	<u>324</u>	<u>7</u>	<u>331</u>	<u>385</u>	<u>2</u>	<u>387</u>

(B) Employee and other staff expenses

The relevant accounting policy is detailed in Section 4.1(I) of this Part III(B).

	<u>2011</u>	<u>2012</u>	<u>2013</u>
	USDm	USDm	USDm
Employee compensation	46	59	69
Defined contribution pension payments	-	-	1
Forgiveness of shareholder loan	-	1	1
Share based payments	<u>5</u>	<u>5</u>	<u>1</u>
	<u>51</u>	<u>65</u>	<u>72</u>
Exceptional employee and other staff expenses (Section 1.5(D))	<u>1</u>	<u>1</u>	<u>2</u>
Total staff costs	<u>52</u>	<u>66</u>	<u>74</u>

Key management remuneration

Key management are represented by executives as those that have authority and responsibility for managerial decisions affecting the future development and business prospects of the Columbus Group.

Included within employee costs is key management remuneration relating to continuing operations as follows:

	<u>Note</u>	<u>2011</u> USDm	<u>2012</u> USDm	<u>2013</u> USDm
Salaries including performance bonuses		<u>10</u>	<u>10</u>	<u>13</u>
Key management remuneration		10	10	13
Share-based payments	4.5	5	5	1
Forgiveness of shareholder loan	4.4	<u>-</u>	<u>1</u>	<u>1</u>
Total key management remuneration		<u>15</u>	<u>16</u>	<u>15</u>

(C) Other operating expenses

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.

(D) 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.

The relevant accounting policy detailed in Section 4.1(N) of this Part III(B).

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.

1.6 Income tax expense

This Section 1.6 explains how the Columbus Group tax charge arises. The current and deferred tax charges or credits in the year together make up the total tax charge in the income statement. Section 1.7 below provides information on our expected future tax charges. A reconciliation of profit or loss before tax to the tax charge is also provided.

The relevant accounting policy is detailed in Section 4.1(J) of this Part III(B).

	<u>2011</u> USDm	<u>2012</u> USDm	<u>2013</u> USDm
Current tax charge			
Barbados tax at 2.5 per cent. (2012 and 2011:2.5 per cent.)	-	-	-
Double tax relief	-	-	-
Overseas tax	7	14	6
Adjustments relating to prior years	-	-	-
Total current tax charge	<u>7</u>	<u>14</u>	<u>6</u>
Deferred tax charge for continuing operations			
Origination and reversal of temporary differences	3	4	11
Adjustments relating to prior years	-	-	-
Total deferred tax charge	<u>3</u>	<u>4</u>	<u>11</u>
Total income tax charge	<u>10</u>	<u>18</u>	<u>17</u>

The Columbus Group's effective tax rate differs from the Barbados statutory tax rate as follows:

	<u>2011</u> USDm	<u>2012</u> USDm	<u>2013</u> USDm
Profit before income tax	<u>1</u>	<u>4</u>	<u>8</u>
Income tax (credit)/charge at Barbados statutory tax rate: 2.5 per cent.	-	-	-
Effect of overseas tax	2	1	1
Net effect of expenses not deductible	-	1	1
Effect of withholding tax	4	4	4
Effect of rate differences	4	5	8
Effect of changes in unrecognised deferred tax assets	1	8	3
Other	(1)	(1)	-
Total income tax charge	<u>10</u>	<u>18</u>	<u>17</u>
Effective tax rate on profit	1,000%	450%	213%

The variance in effective tax rate on profit in different years is caused by the effect of profits and losses incurred in jurisdictions with different tax rates from that in Barbados.

For the analysis of the Columbus Group's deferred tax assets and liabilities at the reporting date, including factors affecting the future tax rates, see Section 1.7 below.

1.7 Deferred tax

The relevant accounting policy is detailed in Section 4.1(J) of this Part III(B).

The following is a summary of the significant items giving rise to components of Columbus' deferred income taxes:

	<u>31 December</u> <u>2011</u> USDm	<u>31 December</u> <u>2012</u> USDm	<u>31 December</u> <u>2013</u> USDm
Deferred capacity sales	23	23	16
Tax deduction available against future taxable income	13	18	1
Property, plant and equipment	(64)	(72)	(72)
Intangibles	(14)	(15)	(19)
Deferred revenue	(10)	(7)	(4)
Withholding tax on accrued income	(4)	(6)	(4)
Tax losses	21	20	15
Unrealised exchange losses	11	14	16
Other	3	(2)	3
Net deferred income tax liability	<u>(21)</u>	<u>(27)</u>	<u>(48)</u>
Deferred income tax asset	42	44	39
Deferred income tax liability	<u>(63)</u>	<u>(71)</u>	<u>(87)</u>
Net deferred income tax liability	<u>(21)</u>	<u>(27)</u>	<u>(48)</u>

Tax losses (recognised and unrecognised) expire as follows:

	<u>31 December 2011</u>	<u>31 December 2012</u>	<u>31 December 2013</u>
	USDm	USDm	USDm
Within 1 year	1	-	6
Within 3 years	9	23	64
Within 5 years	56	110	133
Within 10 years	249	351	455
More than 10 years	3	6	3
Other tax losses are not subject to expiry	<u>114</u>	<u>100</u>	<u>91</u>

Columbus' overall tax provision is based on the statutory tax rates applicable to the income earned in the various jurisdictions which range from 2.5 per cent. to 33 per cent. There are entities incurring losses for which no deferred tax asset has been recorded, which results in a higher consolidated tax expense relative to the overall income of the consolidated group.

1.8 Business Acquisitions

The relevant accounting policy is detailed in Section 4.1(C)(i) of this Part III(B).

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:

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

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 centres 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
Property, plant and equipment	71
Goodwill and intangibles	<u>108</u>
Total assets	<u>197</u>
Accounts payable	6
Deferred revenue	<u>38</u>
Total liabilities	<u>44</u>
	153
Total cash acquired	<u>(7)</u>
Total cash consideration	<u>146</u>

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

(C) 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.

(D) 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. provides telecommunications services in Barbados. Wamco Technology Group Limited is not currently operating.

(E) 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.

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

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.

The relevant accounting policy is detailed in Section 4.1(D)(iii) of this Part III(B).

	<u>2011</u>	<u>2012</u>	<u>2013</u>
	USDm	USDm	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	<u>75</u>	<u>85</u>	<u>105</u>
Other receivables	8	6	5
Prepayments	5	5	5
Other receivables – non-current	<u>13</u>	<u>11</u>	<u>10</u>
Total trade and other receivables	<u>88</u>	<u>96</u>	<u>115</u>

The maximum exposure to credit risk for receivables is equal to their carrying value. There is no material difference between the carrying value and fair value of trade and other receivables presented.

The Columbus Group provides telecommunications capacity and services to a wide range of customers, ranging from well-capitalised national carriers to smaller, early stage development companies and individual subscribers and extends credit to some of its customers. Concentrations of credit risks with respect to trade receivables are small as the Columbus Group customer base is large and unrelated.

An ageing analysis of the current trade receivables that are not impaired is as follows:

	<u>2011</u>	<u>2012</u>	<u>2013</u>
	USDm	USDm	USDm
Not yet due	12	19	27
Overdue 30 days or less	12	9	15
Overdue 31 to 60 days	8	11	13
Overdue 61 to 90 days	6	9	9
More than 90 days	<u>25</u>	<u>23</u>	<u>19</u>
Current 'trade receivables'	<u>63</u>	<u>71</u>	<u>83</u>

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.

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

Included in other payables is an onerous contract provision of USD2m (2012: USD4m, 2011: nil) related to the discontinued use of a leased asset. The provision is based on the discounted value of future lease payments. The lease is non-cancellable and expires in 2017.

There is no material difference between the carrying value and fair value of trade and other payables presented. For liquidity risk exposure analysis purposes, the carrying amount of trade and other payables is the same as the contractual cash flows, with the contractual maturities of these financial liabilities all due in less than one year.

2.3 Impairment review

Impairment occurs when the carrying value of an asset or group of assets is greater than the present value of the cash they are expected to generate.

Columbus performs annual impairment reviews of the carrying value of goodwill and assets with indefinite useful lives. Columbus considers the carrying value of other assets at least annually. If there are triggers that indicate an impairment of other assets is possible, Columbus then perform a full impairment review.

The relevant accounting policy is detailed in Section 4.1(E) of this Part III(B).

A review of the carrying value of goodwill has been performed as at 31 December 2011, 31 December 2012 and 31 December 2013. In performing this review, the recoverable amount has been determined by reference to the higher of the fair value less costs to sell and the value in use of related businesses. The key assumptions used by the Columbus Group in the calculation of value in use for its goodwill balances are the discount rate and expected growth rates, operating cost margin and the level of capital expenditure required to maintain the network at its current level.

The CGUs have been segregated by each operating company; this was determined to be the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets.

The Columbus Group's significant goodwill balances and assets with indefinite useful lives, which are not impaired, and the discount rates and terminal growth rate to each cash flow projection are discussed below:

<u>Year ended 31 December 2013</u>	<u>Reporting segment</u>	<u>Goodwill carrying value at 31 December 2013</u>	<u>Licences with indefinite useful lives carrying value at 31 December 2013</u>	<u>Terminal growth rate</u>	<u>Pre-tax discount rate</u>
		<u>USDm</u>	<u>USDm</u>	<u>(per cent.)</u>	<u>(per cent.)</u>
Columbus Trinidad	Flow	77	-	4.0	12.3
Columbus Grenada	Flow	4	4	3.0	15.5
Columbus Jamaica	Flow	26	2	7.6	16.3
Columbus Curacao	Flow	5	4	3.0	12.4
Caribbean Data centres	Flow	2	1	2.0	15.5
Columbus Networks	Networks	19	2	2.0	13.6
Columbus Barbados	Flow	13	-	4.0	14.1
Karib – St. Lucia	Flow	9	-	3.0	18.0
Karib – St. Vincent	Flow	4	-	3.0	17.9
Karib – Antigua	Flow	5	-	3.0	18.2
Total		<u>164</u>	<u>13</u>		

<u>Year ended 31 December 2012</u>	<u>Reporting segment</u>	<u>Goodwill carrying value at 31 December 2012</u>	<u>Licences with indefinite useful lives carrying value at 31 December 2012</u>	<u>Terminal growth rate</u>	<u>Pre-tax discount rate</u>
		<u>USDm</u>	<u>USDm</u>	<u>(per cent.)</u>	<u>(per cent.)</u>
Columbus Trinidad	Flow	77	-	4.0	11.4
Columbus Grenada	Flow	4	4	4.0	11.2
Columbus Jamaica	Flow	26	2	7.0	15.4
Columbus Curacao	Flow	5	4	3.0	11.5
Caribbean Data centres	Flow	2	1	2.0	16.0
Columbus Networks	Networks	19	2	2.0	13.3
Columbus Barbados	Flow	11	-	2.0	-
Total		<u>144</u>	<u>13</u>		

<u>Year ended 31 December 2011</u>	<u>Reporting segment</u>	<u>Goodwill carrying value at 31 December 2011</u>	<u>Licences with indefinite useful lives carrying value at 31 December 2011</u>	<u>Terminal growth rate</u>	<u>Pre-tax discount rate</u>
		<u>USDm</u>	<u>USDm</u>	<u>(per cent.)</u>	<u>(per cent.)</u>
Columbus Trinidad	Flow	77	-	4.0	12.7
Columbus Grenada	Flow	4	4	4.0	12.3
Columbus Jamaica	Flow	25	2	7.0	18.0
Columbus Curacao	Flow	5	4	3.0	14.3
Caribbean Data centres	Flow	2	1	2.0	17.3
Columbus Networks	Networks	17	2	4.0	10.1
Total		<u>130</u>	<u>13</u>		

The recoverable amount of the cash-generating units (the "CGUs") has been determined by calculating the value in use ("VIU"). The VIU is calculated by determining the present value of the future cash flows expected to be derived from each CGU. Columbus management used cash flow projections based on the five year financial forecast approved by the Columbus board of directors.

The calculations of the VIU for all CGUs are most sensitive to the following key assumptions:

(A) Discount rates:

Discount rates reflect the current market assessment of the risk specific to each CGUs. The discount rate was estimated based on the average percentage of a weighted average cost of capital for the industry. This rate was further adjusted to reflect the market assessment of any risk specific to the CGUs for which future estimates of cash flows have not been adjusted.

(B) Expected growth rates:

Growth rates were determined by each management group based on past trends and industry analysis.

(C) Sensitivity:

With regards to the assessment of the VIU for each of the CGUs, management believes that no reasonably possible change in the key assumptions would cause the carrying value of the CGUs to materially exceed its recoverable amount.

2.4 Intangible assets

This Section 2.4 shows the non-physical assets used by the Columbus Group to generate revenues and profits.

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

The relevant accounting policy is detailed in Section 4.1(C) of this Part III(B).

	<u>Goodwill</u>	<u>Software</u>	<u>Licences and operating agreements</u>	<u>Customer relationships and contracts</u>	<u>Other</u>	<u>Total</u>
	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

Goodwill allocated to CGUs is shown in Section 2.3 of this Part III(B). Information on interest capitalised in respect of qualifying capital expenditure is shown in Section 3.1 of this Part III(B).

2.5 Property, plant and equipment

This Section 2.5 shows the physical assets used by the Columbus Group to generate revenues and profits. Columbus makes significant investments in network plant and equipment – the technology and base stations required to operate its networks – that form the majority of its tangible assets.

Depreciation is calculated by estimating the number of years the Columbus Group expects the asset to be used (useful economic life). If there has been a technological change or decline in business performance the board of directors of Columbus review the value of the assets to ensure they have not fallen below their depreciated value. If an asset's value falls below its depreciated value an additional one-off impairment charge is made against profit.

The relevant accounting policy is detailed in Section 4.1(B) of this Part III(B).

	<u>Land and buildings</u>	<u>Plant and equipment</u>	<u>Assets under construction</u>	<u>Total</u>
	USDm	USDm	USDm	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

The Columbus Group held no assets under finance leases at 31 December 2011, 31 December 2012 or 31 December 2013. Information on interest capitalised in respect of qualifying capital expenditure is shown in Section 3.1 of this Part III(B).

3. Capital Structure and financing

3.1 Finance income and expense

Finance income is mainly comprised of interest received from short-term investments in money market funds. Financing costs mainly arise from interest due on bonds, other borrowings and preference shares.

The relevant accounting policy is detailed in Section 4.1(D) of this Part III(B).

The finance income and expense are set out below.

	<u>2011</u>	<u>2012</u>	<u>2013</u>
	USDm	USDm	USDm
Interest on loans and borrowings	76	83	97
Interest capitalised	<u>(3)</u>	<u>(2)</u>	<u>(1)</u>
Finance expense	<u>73</u>	<u>81</u>	<u>96</u>

3.2 Cash and cash equivalents

The majority of the Columbus Group's cash is held in bank deposits or in money market funds which have a maturity of three months or less to enable it to meet its short-term liquidity requirements.

The relevant accounting policy is detailed in Section 4.1(D)(ii) of this Part III(B).

	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>
	2011	2012	2013
	USDm	USDm	USDm
Cash and cash equivalents	<u>19</u>	<u>58</u>	<u>49</u>

The maximum exposure to credit risk for cash and cash equivalents is equal to the carrying value of those financial instruments.

3.3 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 unamortized debt issue costs and unamortized 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.

The relevant accounting policy is detailed in Section 4.1(D)(vi) of this Part III(B).

	Type	Security	31 December 2011			31 December 2012			31 December 2013		
			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	<u>1</u>	1	14.0	<u>1</u>	1	14.0	<u>1</u>	1
Total borrowings				<u>635</u>			<u>751</u>			<u>838</u>	
Borrowings – current				-			-			638	
Borrowings – non-current				<u>635</u>			<u>751</u>			<u>200</u>	

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.

The agreements for the facilities outstanding during the three years ended 30 December 2013 contain financial and other covenants which are standard to these types of arrangements.

For liquidity risk exposure analysis purposes, the following are the contractual maturities of loans (including the expected interest payable at rates prevailing at the reporting date):

	<u>31 December 2011</u>	<u>31 December 2012</u>	<u>31 December 2013</u>
	USDm	USDm	USDm
Borrowings:			
Due in less than one year	-	-	708
Due in more than one year but not more than two years	-	782	-
Due in more than two years but not more than five years	<u>856</u>	<u>176</u>	<u>281</u>
	856	958	989
Less: future finance charges on loans	<u>(215)</u>	<u>(193)</u>	<u>(136)</u>
Total borrowings	<u>641</u>	<u>765</u>	<u>853</u>

It is not expected that the cash flows included in the maturity analysis above could occur significantly earlier or at significantly different amounts.

(A) Reconciliation of net funds

Funds are defined as cash at bank and in hand and short-term deposits. Debt is defined as bonds, loans and overdrafts.

Below is the analysis of changes in net funds:

	<u>At 1 January 2013</u>	<u>Cash flow</u>	<u>Debt issue costs</u>	<u>Premium (discount)</u>	<u>Exchange differences</u>	<u>Transfer</u>	<u>At 31 December 2013</u>
	USDm	USDm	USDm	USDm	USDm	USDm	USDm
Cash and cash equivalents	<u>58</u>	<u>(11)</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>49</u>
Total funds	58	(11)	-	-	2	-	49
Debt due within one year	-	-	-	-	-	(638)	(638)
Debt due after more than one year	<u>(751)</u>	<u>(88)</u>	<u>6</u>	<u>(5)</u>	<u>-</u>	<u>638</u>	<u>(200)</u>
Total (debt)/funds	<u>(751)</u>	<u>(88)</u>	<u>6</u>	<u>(5)</u>	<u>-</u>	<u>-</u>	<u>(838)</u>
Total net (debt)/funds	<u>(693)</u>	<u>(99)</u>	<u>6</u>	<u>(5)</u>	<u>2</u>	<u>-</u>	<u>(789)</u>

	<u>At 1 January 2012</u>	<u>Cash flow</u>	<u>Debt issue costs</u>	<u>Premium (discount)</u>	<u>Exchange differences</u>	<u>At 31 December 2012</u>
	USDm	USDm	USDm	USDm	USDm	USDm
Cash and cash equivalents	<u>19</u>	<u>37</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>58</u>
Total funds	19	37	-	-	2	58
Debt due within one year	-	-	-	-	-	-
Debt due after more than one year	<u>(635)</u>	<u>(124)</u>	<u>(3)</u>	<u>11</u>	<u>-</u>	<u>(751)</u>
Total (debt)/funds	<u>(635)</u>	<u>(124)</u>	<u>(3)</u>	<u>11</u>	<u>-</u>	<u>(751)</u>
Total net (debt)/funds	<u>(616)</u>	<u>(87)</u>	<u>(3)</u>	<u>11</u>	<u>2</u>	<u>(693)</u>

	<u>At 1 January 2011</u>	<u>Cash flow</u>	<u>Debt issue costs</u>	<u>Premium (discount)</u>	<u>Exchange differences</u>	<u>At 31 December 2011</u>
	USDm	USDm	USDm	USDm	USDm	USDm
Cash and cash equivalents	<u>65</u>	<u>(48)</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>19</u>
Total funds	65	(48)	-	-	2	19
Debt due within one year	-	-	-	-	-	-
Debt due after more than one year	<u>(635)</u>	<u>-</u>	<u>(5)</u>	<u>5</u>	<u>-</u>	<u>(635)</u>
Total (debt)/funds	<u>(635)</u>	<u>-</u>	<u>(5)</u>	<u>5</u>	<u>-</u>	<u>(635)</u>
Total net (debt)/funds	<u>(570)</u>	<u>(48)</u>	<u>(5)</u>	<u>5</u>	<u>2</u>	<u>(616)</u>

3.4 Equity

The relevant accounting policy is detailed in Section 4.1(F) of this Part III(B).

(A) Share capital

Columbus is authorised to issue an unlimited number of common shares without nominal or par value.

<u>Ordinary shares issued and fully paid</u>	<u>Number of shares</u>	
	<u>(000)</u>	<u>USDm</u>
As at 1 January 2011 and 31 December 2011	243,396	289
Issued on 20 January 2012 for cash	480	1
Issued on 20 January 2012 – employee compensation ¹	500	1
Converted options	1,373	4
Forgiveness of shareholder loan ²	1,000	1
As at 31 December 2012	<u>246,749</u>	<u>296</u>
Issued on 26 March 2013 for cash	10,500	32
– Less issue costs	-	(2)
Forgiveness of shareholder loan ²	500	1
As at 31 December 2013	<u>257,749</u>	<u>327</u>

1 In 2012 Columbus issued 500,000 shares at USD1.80 per share to an employee as long term compensation

2 During 2013 USD1m (2012: USD1m; 2011: nil) of a shareholder loan was forgiven and recorded as a long term compensation expense

(B) Reserves

Foreign currency translation reserve

The foreign currency translation reserve contains exchange differences on the translation of subsidiaries with a functional currency different to the presentational currency of the Columbus Group.

(C) Capital management

The Columbus Group defines capital as equity, borrowings (Section 3.3) and cash and cash equivalents (Section 3.2).

The primary objective of Columbus' capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. Columbus manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, Columbus may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

As disclosed in Section 3.3, the Columbus Group executed a significant refinancing post year end that involved issuing USD1,250m of senior notes maturing in 2021. The net proceeds from the sale of the notes, after transaction fees, expenses and the initial purchasers' discount, was approximately USD1,231m. Columbus used the net proceeds to redeem the 2014 senior secured notes and the 9.5 per cent senior notes including accrued interest and premium. In addition, on 11 April 2014 the Columbus Group used USD99m of net proceeds for a dividend payment to its shareholders.

3.5 Financial risk management

Columbus' principal financial liabilities comprise bank loans, convertible and retractable preferred shares, trade payables, subscriber deposits and an equity incentive plan. The main purpose of these financial liabilities is to raise finance for Columbus' operations. Columbus has various financial assets such as cash and cash equivalents, and trade receivables, which arise directly from its operations. Columbus also has an investment in an associate.

Please see below for discussion on the exposure and sensitivity of the Group to credit, liquidity, interest and foreign exchange risk, and the policies in place to monitor and manage these risks.

(A) Treasury policy

It is, and has been throughout 2011, 2012 and 2013, Columbus' policy that no speculative trading in derivatives shall be undertaken.

(B) Exchange rate risk

As a result of significant investments in various regions in the Caribbean, Columbus' consolidated balance sheet can be affected significantly by movements in exchange rates. As at 31 December 2013, 100 per cent. (2012: 100 per cent.; 2011: 100 per cent.) of Columbus' long-term debt is denominated in US dollars.

Columbus also has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than their functional currency. Approximately 59 per cent. (2012: 56 per cent.; 2011: 55 per cent.) of Columbus' revenues are denominated in currencies other than the subsidiaries' functional currency and 40 per cent. (2012: 29 per cent.; 2011: 44 per cent.) of costs are denominated in currencies other than the subsidiaries' functional currency.

At 31 December 2011, 2012 and 2013, Columbus had not entered into any derivative contracts to hedge its foreign currency exposure.

Columbus prepared a sensitivity analysis to determine the outcome due to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, to Columbus' profit before tax, interest, amortization, and other non-recurring items due to changes in the fair value of monetary assets and liabilities. Columbus has determined that a 1 per cent. increase in the US dollar in comparison to its other transactional currencies would result in lower profit before tax, interest, amortization, and other non-recurring items of USD2m (2012: USD2m; 2011: USD1m).

(C) Interest rate risk

Columbus has limited interest rate risk since all debts are at fixed interest rates.

With all other variables held constant, Columbus has determined that a 1 per cent. change in the interest rate would not result in any change to Columbus' profit before tax and equity, through the impact of floating rate borrowings since all of the debt has fixed interest rates.

(D) Credit risk

Financial instruments, which potentially subject Columbus to credit risk, consist principally of cash and cash equivalents, and accounts receivable. Columbus' exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the carrying amount of these instruments.

Cash and cash equivalents are maintained with major financial institutions and management regularly monitors their composition and maturities. Cash and cash equivalents include investments in interest-bearing deposits, which may be redeemed upon demand and bear minimal risk. Columbus has not experienced any material losses on these investments.

Columbus provides telecommunications capacity and services to a wide range of customers, ranging from well-capitalised national carriers to smaller, early stage development companies and individual subscribers and extends credit to some of its customers.

Columbus management periodically evaluates credit exposure in the aggregate and by individual credit. Columbus management periodically reviews the creditworthiness of its customers to ensure the overall quality of Columbus' credit portfolio. If the financial condition of an existing customer deteriorates to a point where payment for services is in doubt, Columbus suspends the services and no revenues are recognised until cash is received.

(E) Liquidity risk

Columbus monitors its risk to a shortage in funds daily by reviewing the maturity of both its financial assets (accounts receivable and other financial assets) and projected cash flows from operations.

4. Other disclosures

4.1 Significant accounting policies

This Section 4.1 sets out the Columbus Group's accounting policies that relate to the financial statements as a whole.

(A) Foreign currencies

(i) Functional currency

Amounts included in the financial statements of each of the Columbus Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

(ii) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised through profit or loss.

(iii) Foreign operations

The results and financial position of all the Columbus Group entities that have a functional currency different from the Columbus Group's presentation currency of US dollars are translated as follows:

- (a) Assets and liabilities are translated at the closing rate at the reporting date;
- (b) Income and expenses are translated at rates closely approximating the rate at the date of the transactions;
- (c) Resulting exchange differences are recognised in the foreign currency translation reserve; and
- (d) Goodwill and fair value adjustments arising on the acquisition of foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

On disposal of a foreign entity, accumulated exchange differences are recognised in profit or loss in the same period in which the gain or loss on disposal is recognised.

Exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity. Where investments are matched in whole or in part by foreign currency loans, the exchange differences arising on the retranslation of such loans are also recorded as movements in the Group's translation reserves and any excess taken to profit or loss.

There are no Columbus Group entities operating in a hyperinflationary economy.

The principal exchange rates used in the preparation of these accounts are as follows:

	<u>2011</u>	<u>2012</u>	<u>2013</u>
USD: Trinidad and Tobago \$			
Average	6.4261	6.4349	6.4426
Year end	6.4305	6.4301	6.4349
USD: Jamaica \$			
Average	86.09	89.19	101.26
Year end	86.75	92.65	106.15

(B) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. The cost of property, plant and equipment includes labour and overhead costs arising directly from the construction or acquisition of an item of property, plant and equipment. Plant and equipment represents the Columbus Group's network infrastructure assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits will flow to the Columbus Group and the cost can be measured reliably. All other subsequent costs (primarily repairs and maintenance) are charged to profit or loss as incurred.

Depreciation is not recognised on freehold land or assets under construction. Depreciation is provided to write-off the cost of property, plant and equipment, on a straight line basis over the estimated useful lives of the assets as follows:

	<u>Lives</u>
Cables	up to 20 years
Network equipment	3 to 25 years
Other equipment	10 years
Furniture and fixtures	3-10 years
Computer equipment	3 years
Ducting	40 years
Vehicles	3-5 years
Freehold buildings	25-40 years
Leasehold buildings	up to 40 years or term of lease if less

Asset useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down to its recoverable amount if the carrying amount is greater than its recoverable amount through sale or use.

(C) Intangible assets

(i) Goodwill

Goodwill represents the future economic benefits that arise from acquired assets that are not capable of being individually identified and separately recognised.

The goodwill recorded in the Columbus Group's statement of financial position is calculated using two different methods, depending on the acquisition date, as a result of changes in accounting standards.

All business combinations that occurred since 31 March 2010 are accounted for using the acquisition method in accordance with IFRS 3 *Business combinations revised*. Goodwill represents the excess of the cost of an acquisition over the fair value of the Columbus Group's share of the identifiable net assets acquired. All transaction costs are expensed as incurred.

All other business combinations are accounted for using the acquisition method in accordance with IFRS 3 *Business combinations (2004)*. Goodwill represents the excess of the cost of an acquisition over the fair value of the Columbus Group's share of the identifiable net assets acquired. Costs attributable to these combinations are included in the cost of acquisition.

Goodwill is not amortised and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that there may be an impairment, and carried at cost less accumulated impairment losses. Goodwill is allocated to CGUs for the purpose of impairment testing.

(ii) Other intangible assets

Costs that are directly associated with the purchase and implementation of identifiable and unique software products by the Columbus Group are recognised as intangible assets. Expenditures that enhance and extend the benefits of computer software programs beyond their original specifications and lives are recognised as a capital improvement and added to the original cost of the software.

Intangible assets relating to customer contracts, relationships and licences obtained as part of the Columbus Group's business combinations are recorded initially at their fair values.

Other intangible assets that do not have indefinite useful lives are amortised on a straight line basis over their respective lives which are usually based on contractual terms, and stated at cost less accumulated amortisation:

	<u>Lives</u>
Software	3-7 years
Licences	5-15 years
Customer contracts and relationships	9-18 years

Certain licences are considered to have indefinite useful lives and are not amortised. Instead, they are tested annually for impairment, or more frequently if there are indicators of impairment, and are carried at cost less accumulated impairment losses.

(D) Financial instruments

(i) Financial assets

The Columbus Group classifies its financial assets into the following categories: cash and cash equivalents; trade and other receivables; financial assets at fair value through profit or loss; available-for-sale financial assets; and held-to-maturity investments. The classification depends on the purpose for which the assets are held. The Columbus Group does not currently classify any assets as fair value through profit or loss, available-for-sale or held-to-maturity investments.

Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date for financial assets other than those held at fair value through profit or loss.

(ii) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank, and short-term deposits. They are highly liquid monetary investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The carrying value of cash and cash equivalents in the statement of financial position is considered to approximate fair value.

(iii) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Columbus Group provides money, goods or services directly to a third party with no intention of trading the receivable. Trade and other receivables are presented in current assets in the statement of financial position, except for those with maturities greater than one year after the reporting date.

Receivables are recognised initially at the value of the invoice sent to the customer and subsequently at the amounts considered recoverable (amortised cost).

A provision is made when there is objective evidence that Columbus will not be able to collect the debt. Bad debts are written off when identified.

(iv) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets that are either held for trading or those designated upon initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. These financial assets are recognised initially at fair value. Subsequent changes in fair value are recognised through profit or loss.

(v) Financial liabilities

The Columbus Group classifies its financial liabilities into the following categories: trade and other payables; borrowings; and financial liabilities at fair value. The Columbus Group does not currently classify any liabilities as fair value through profit or loss.

Management determines the classification of its financial liabilities at initial recognition and re-evaluates this designation at every reporting date for financial liabilities other than those held at fair value.

(vi) Borrowings

Borrowings are recognised initially at fair value net of directly attributable transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds received (net of transaction costs) and the redemption value is recognised through profit or loss over the period of the borrowings using the effective interest method. The financial liabilities

recognised in this category include secured and unsecured bonds and facilities and other loans held by the Columbus Group and are presented in borrowings in current liabilities in the statement of financial position unless the Columbus Group has an unconditional right to defer settlement of the liability for at least one year after the reporting date.

Transaction costs to obtain financings are reflected as a reduction in the carrying value of the associated financing and amortised to interest expense over the life of the related financing using the effective interest method.

Premiums/discounts related to financings are reflected as an increase/decrease in the carrying value of the associated financing and amortised against interest expense over the life of the related financing using the effective interest method.

(vii) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include held-for-trading financial liabilities and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives, are also classified as held-for-trading unless they are designated as effective hedging instruments. Gains or losses on held-for-trading liabilities are recognised in profit or loss.

(E) Impairment of assets

(i) Financial assets

The Columbus Group assesses at each reporting date whether there is objective evidence that a financial asset not carried at fair value through profit or loss or a group of those financial assets is impaired.

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in profit or loss.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that Columbus will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

(ii) Non-financial assets

Assets that have indefinite useful lives are not subject to amortisation and are tested annually for impairment. All other non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs).

The Columbus Group determines any impairment by comparing the carrying values of each of the Columbus Group's assets (or the CGU to which it belongs) to their recoverable amounts, which is the higher of the asset's fair value less costs to sell and its value in use. Fair value represents market value in an active market. Value in use is determined by discounting future cash flows arising from the asset.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money

and the risks specific to the asset. Impairment losses of continuing operations are recognised in the consolidated statement of income and comprehensive income in those expense categories consistent with the function of the impaired asset.

Impairment reviews involve management making assumptions and estimates, which are highly judgemental and susceptible to change.

(F) Share capital

Incremental costs directly attributable to the issue of new shares and stand-alone options are recognised in equity.

(G) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date and whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Operating lease payments are recognised as an expense in the consolidated statement of income on a straight-line basis over the lease term.

(H) Transfer of assets from customers

When Columbus receives a transfer of an asset from a customer for consideration other than cash, it recognises the transferred asset as property, plant and equipment. At initial recognition, its cost is measured at fair value, and a corresponding amount is recognised in the financial statements in relation to the consideration given.

(I) Employee benefits

(i) Defined contribution pensions

A defined contribution plan is a pension plan under which the Columbus Group pays fixed contributions to a third party. The Columbus Group has no further payment obligations once the contributions have been paid. The contributions are recognised as operating costs as they are incurred through profit or loss.

(ii) Share-based compensation

The Columbus Group operates various equity-settled and cash-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of options over shares in Columbus is recognised as an operating cost through profit or loss over the vesting period.

Some senior executives of Columbus may receive remuneration in the form of share-based payment transactions, whereby executives render service as consideration for equity instruments. The total amount to be expensed for these equity-settled instruments over the vesting period is determined by reference to the fair value of the options granted, which excludes the impact of any non-market vesting conditions (for example service, profitability and cash flow targets). Non-market vesting conditions are included in estimates about the number of options that are expected to vest. At each reporting date, the Columbus Group revises its estimates of the number of options that are expected to vest.

The total amount to be expensed for cash-settled instruments, related to key executive and management compensation agreements, over the vesting period is initially measured at fair value at the grant date using the Black-Scholes-Merton option pricing approach and determined by reference to the fair value of the options granted. This fair value is expensed over the period until vested with recognition of a corresponding liability. The liability is remeasured at each balance sheet date up to and including the settlement date with changes in fair value recognised in profit or loss.

The long-term incentive plan permits the grant of dividend equivalent rights (“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. These costs are recognised in profit or loss as incurred.

(J) Tax

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised through profit or loss except to the extent that it relates to items recognised directly in other comprehensive income and equity, in which case it is recognised in other comprehensive income or equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using rates that have been enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of prior years.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information, except where the difference arises from:

- The initial recognition of goodwill; or
- The initial recognition of an asset or liability in a transaction other than a business combination, affecting neither accounting nor taxable profit.

Deferred tax is calculated using tax rates that are expected to apply to the period when the temporary differences reverse, based on rates that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and interests in joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by the Columbus Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(K) Provisions

Provisions are liabilities of uncertain timing or amount. They are recognised when the Columbus Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are presented in the statement of financial position at the present value of the estimated future outflows expected to be required to settle the obligation. Provision charges and reversals are recognised through profit or loss. Discount unwinding is recognised as a finance expense.

(L) Convertible preference shares

The component of convertible preferred shares that exhibits characteristics of a liability is recognised as a liability on the consolidated balance sheet, net of transaction costs. The corresponding dividends on those shares are charged as interest expense in profit or loss using the effective interest method.

On issuance of the convertible preferred shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond. This amount is classified as a financial liability measured at amortised cost until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not re-measured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible preferred shares based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

(M) Revenue recognition

Columbus Group revenue, which excludes discounts, value added tax and similar sales taxes, represents the amount receivable in respect of services and goods provided to customers. Revenue is recognised only when payment is probable.

Revenue from services is recognised as the services are provided. In respect of services invoiced in advance, amounts are deferred until provision of the service.

(i) Retail services

Revenue from broadband, TV and fixed line products comprises amounts charged to customers in respect of monthly access charges, usage and other telecommunications services.

Monthly access charges from broadband, TV and fixed line products are invoiced and recorded as part of a periodic billing cycle. Unbilled revenue resulting from services provided to contract customers from the billing cycle date to the end of each period is accrued. Unearned monthly access charges relating to periods after each accounting period are deferred.

Amounts payable by and to other telecommunications operators are recognised as the services are provided. Charges are negotiated separately and are subject to continual review. Revenue generated through the provision of these services is accounted for gross of any amounts payable to other telecommunications operators for interconnect fees.

(ii) Rendering of wholesale services – capacity

Capacity contracts are accounted for as service contracts and revenue is amortised over the appropriate term of the contract. Accordingly, Columbus treats cash received, to the extent not recognised as revenue, as deferred revenue. Deposits from customers who enter into contracts for capacity and pay deposits toward the purchase price prior to the provision of service are included as a component of deferred revenue in the accompanying consolidated balance sheet. Revenues from installation and activation activities are deferred and recognised over the term of the underlying contract; the terms of the long-term capacity sales contracts (“Indefeasible Right of Use” or “IRU”) vary from 15 to 25 years.

(iii) Rendering of wholesale services – operations and maintenance

Revenue arising from the provision of other services, including maintenance contracts, is recognised over the periods in which the service is provided. Certain customers are obligated, for the term of the applicable capacity agreement, to pay a share of the costs for operating and maintaining the network. Columbus recognises these quarterly maintenance revenues over the period during which the services are provided. These amounts are contracted and invoiced separately from capacity sales. Amounts invoiced for operations and maintenance that are applicable for future periods are reflected as components of deferred revenue.

The Columbus Group earns revenue from the transmission of content and traffic on its network originated by third-party providers. Third-party dealers and partners are also used to facilitate the sale and provision of some services and equipment sold by the Columbus Group. We assess whether revenue should be recorded gross as principal or net as agent, based on the features of such arrangements including the following factors:

- Whether the Columbus Group holds itself out as an agent;
- Whether the Columbus Group has latitude for establishing the price, either directly or indirectly, for example by providing additional services;
- Provision of customer remedies;
- Whether the Columbus Group has the primary responsibility for providing the services to the customer or for fulfilling the order; and
- Assumption of credit risk

Revenue from sales of telecommunications equipment is recognised upon delivery to the customer.

The total consideration on arrangements with multiple revenue generating activities (generally the sale of telecoms equipment and ongoing service) is allocated to those components that are capable of operating independently, based on the estimated fair value of the components. The fair value of each component is determined by amounts charged when sold separately and by reference to sales of equivalent products and services by third parties.

Customer acquisition costs including dealer commissions and similar payments are expensed as incurred.

(N) 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 that are identified as exceptional items by virtue of their size, nature or incidence.

4.2 Critical accounting estimates and judgements

A number of estimates and assumptions have been made relating to the reporting of results of operations and the financial condition of the Columbus Group. Results may differ significantly from those estimates under different assumptions and conditions. The following discussion addresses the Columbus Group's most critical accounting estimates. These particular policies require subjective and complex assessments, often as a result of the need to make estimates about the effect of matters that are uncertain.

(A) Impairment

Columbus assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangible assets are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or CGU and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details, including a sensitivity analysis of key assumptions, are provided in Section 2.3 above.

(B) Share based payments

Columbus measures the costs of equity-settled transactions with employees by reference to the fair value of the equity instrument at the date at which they are granted. Columbus measures the costs of cash-settled transactions with employees initially at fair value at the grant date; the liability is re-measured at each consolidated balance sheet date with changes in fair value recognised in profit or loss.

Estimating fair value requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model, including the expected life of the option, volatility and dividend yield, and making assumptions about them.

(C) Provisions, contingent liabilities and contingent assets

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised unless it was assumed in the course of a business combination. In a business combination, contingent liabilities are recognised in the course of the allocation of the purchase price to the assets and liabilities acquired. They are subsequently measured at the higher amount of comparable provision as described above and the amount initially recognised, less any amortisation. Possible inflows of economic benefits to Columbus that do not yet meet the recognition criteria of an asset are considered contingent assets and are not recorded until the recognition criteria has been met.

(D) Property, plant and equipment

Columbus amortises its property, plant and equipment over its useful life using a straight-line method. Significant judgments are required annually in order to determine the remaining useful life of the assets.

Columbus capitalises labour and other overhead costs to property, plant and equipment in accordance with the accounting policy note. Significant judgments are required annually to determine the appropriate amount to capitalise using a percentage of certain department's total costs.

(E) Exceptional items

Judgement is required in assessing the classification of items as exceptional and assessing the timing of recognising exceptional provisions. The Columbus Group has established criteria for assessing the classification and a consistent approach is applied each period.

(F) Tax

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. Columbus establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors including differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

4.3 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 Section 1.5 above, operating lease rentals 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	<u>11</u>	<u>10</u>	<u>2</u>
Total minimum operating lease payments	<u>68</u>	<u>71</u>	<u>71</u>

(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 authorizations 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 of directors of CWC believe 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

4.4 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

Key management remuneration is disclosed in Section 1.5(B) of this Part III(B).

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 Section 3.3 above. 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.

4.5 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.

The relevant accounting policy is detailed in Section 4.1(I) of this Part III(B).

(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, with the weighted average remaining contractual life of the outstanding options between 9 and 10 years (2012: 9 to 10 years, 2011: 9 to 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:

<u>31 December 2013</u>	<u>Fully</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Total</u>
<u>Number of shares</u>	<u>vested</u>	<u>'000</u>	<u>'000</u>	<u>'000</u>	<u>'000</u>	<u>'000</u>
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	<u>11,677</u>	<u>1,342</u>	<u>1,416</u>	<u>233</u>	<u>114</u>	<u>14,782</u>

<u>Number of shares</u>	<u>Exercise price</u>			<u>Total</u>
	<u>USD0.01</u>	<u>USD2.00</u>	<u>USD3.02</u>	
	<u>'000</u>	<u>'000</u>	<u>'000</u>	<u>'000</u>
At 1 January 2011	5,476	4,030	-	9,506
Issued	2,641	5,425	-	8,066
Exercised	(390)	-	-	(390)
At 31 December 2011	<u>7,727</u>	<u>9,455</u>	<u>-</u>	<u>17,182</u>
Issued	-	545	-	545
Terminated	(275)	(475)	-	(750)
Converted to ordinary share capital	(1,373)	-	-	(1,373)
Exercised	(1,047)	-	-	(1,047)
At 31 December 2012	<u>5,032</u>	<u>9,525</u>	<u>-</u>	<u>14,557</u>
Issued	-	175	395	570
Terminated	-	(120)	-	(120)
Exercised	(225)	-	-	(225)
At 31 December 2013	<u>4,807</u>	<u>9,580</u>	<u>395</u>	<u>14,782</u>

The following inputs were used in the model to aid in calculating the value of the options: risk-free interest rate of 1.77 per cent. (2012: 0.25 per cent.; 2011: 0.83 per cent.); no dividend yield (2012: no dividend yield; 2011: no dividend yield); expected life of 5.1 years (2012: 5 years; 2011: 5 years); and volatility percentage ranges between 25 per cent. and 40 per cent. (2012: ranged between 20 per cent. and 35 per cent.; 2011: ranged between 35 per cent. and 40 per cent.).

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption based on a basket of comparable public companies over a period similar to the life of the options, which may also not necessarily be the actual outcome.

4.6 Subsidiaries

Columbus' principal operating subsidiaries are listed below

The relevant accounting policy is detailed in Section 1.2(B) of this Part III(B).

	<u>31 December 2011</u>	<u>31 December 2012</u>	<u>31 December 2013</u>	<u>Country of incorporation</u>
	<u>Ownership of ordinary shares per cent.</u>	<u>Ownership of ordinary shares per cent.</u>	<u>Ownership of ordinary shares per cent.</u>	
Subsidiaries				
Columbus Networks Limited	100 per cent.	100 per cent.	100 per cent.	Barbados
Columbus Communications (Trinidad) Limited	100 per cent.	100 per cent.	100 per cent.	Trinidad
Columbus Communications (Grenada) Limited	100 per cent.	100 per cent.	100 per cent.	Grenada
Columbus Communications Jamaica Limited	100 per cent.	100 per cent.	100 per cent.	Jamaica
Columbus Communications Curacao N.V.	100 per cent.	100 per cent.	100 per cent.	Curacao
Columbus Telecommunications (Barbados) Limited (formerly Tele(Barbados) Inc)	-	100 per cent.	100 per cent.	Barbados
Kelcom International Limited (St Vincent)	-	-	100 per cent.	St. Vincent
Kelcom International (Antigua & Barbuda) Limited	-	-	100 per cent.	Antigua and Barbuda
Kelcom International Limited (St Lucia)	-	-	100 per cent.	St. Lucia
Associate				
UXP Systems Inc.	25 per cent.	25 per cent.	49.5 per cent.	Canada

4.7 Events after the reporting period

Where new or further information arises in the period between 31 December 2013 and the date of this report about conditions related to certain events that existed at the year end, disclosures that relate to those conditions are updated in light of the new information. Such events can be categorised as adjusting or non-adjusting depending on whether the condition existed at 31 December 2013. If non-adjusting events after the year end are material, non-disclosure could influence the economic decisions that users make on the basis of the financial statements.

Accordingly, for each material category of non-adjusting event after the reporting period Columbus discloses in this Section 4.7 the nature of the event and an estimate of its financial effect, or a statement that such an estimate cannot be made.

(A) Promitel acquisition

Details of the acquisition are disclosed in Section 1.8(B) of this Part III(B). No adjustments have been made to this historical 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 Section 3.3 of this Part III(B). No adjustments have been made to this historical 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 realized a gain of USD4m. No adjustments have been made to this historical financial information as a result of the equity investment disposal.

PART III(C): UNAUDITED INTERIM FINANCIAL INFORMATION ON COLUMBUS

Unaudited condensed consolidated interim financial information

Unaudited condensed consolidated interim income statement
for the six months ended 30 June 2013 and 2014

	Note	6 months ended 30 June 2013			6 months ended 30 June 2014		
		Pre-exceptional items	Exceptional items	Total	Pre-exceptional items	Exceptional items	Total
		Unaudited USDm	Unaudited USDm	Unaudited USDm	Unaudited USDm	Unaudited USDm	Unaudited USDm
Revenue		243	-	243	284	-	284
Operating costs before depreciation and amortisation		(141)	(1)	(142)	(166)	(1)	(167)
Depreciation		(40)	-	(40)	(45)	-	(45)
Amortisation		(6)	-	(6)	(7)	-	(7)
Other operating expense	1.7	(5)	-	(5)	(17)	-	(17)
Group operating profit/(loss)		51	(1)	50	49	(1)	48
Share of loss of joint ventures and associates		(1)	-	(1)	-	-	-
Total operating profit/(loss)		50	(1)	49	49	(1)	48
Finance income	1.11	-	-	-	9	-	9
Finance expense	1.11	(47)	-	(47)	(47)	(82)	(129)
Profit before income tax		3	(1)	2	11	(83)	(72)
Income tax expense	1.6	(6)	-	(6)	(9)	-	(9)
(Loss)/profit for the year		(3)	(1)	(4)	2	(83)	(81)
(Loss)/profit attributable to:							
Owners of the parent company		(3)	(1)	(4)	2	(83)	(81)
(Loss)/profit for the year		(3)	(1)	(4)	2	(83)	(81)

**Unaudited condensed consolidated interim statement of comprehensive income
for the six months ended 30 June 2013 and 2014**

	6 months ended 30 June 2013	6 months ended 30 June 2014
	Unaudited USDm	Unaudited USDm
Loss for the period	(4)	(81)
Items that are or may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	<u>(14)</u>	<u>(18)</u>
Other comprehensive expense for the period, net of tax	<u>(14)</u>	<u>(18)</u>
Total comprehensive expense for the period	<u>(18)</u>	<u>(99)</u>
Total comprehensive expense attributable to:		
Owners of the Parent Company	<u>(18)</u>	<u>(99)</u>

**Unaudited condensed consolidated interim statement of changes in equity
for the six months ended 30 June 2013 and 2014**

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Foreign currency translation</u>	<u>Total equity</u>
	USDm	USDm	USDm	USDm
Balance at 1 January 2013 (audited)	296	(197)	(23)	76
Loss for the period	-	(4)	-	(4)
Other comprehensive expense	-	-	(14)	(14)
Total comprehensive expense for the period	-	(4)	(14)	(18)
Total comprehensive expense attributable to owners of the Parent Company	-	(4)	(14)	(18)
Transactions with owners:				
Issued capital	32	-	-	32
Less issue costs	(2)	-	-	(2)
Total transactions with owners of the Parent Company	30	-	-	30
Balance at 30 June 2013 (unaudited)	<u>326</u>	<u>(201)</u>	<u>(37)</u>	<u>88</u>
Balance at 1 January 2014 (audited)	327	(206)	(44)	77
Loss for the period	-	(81)	-	(81)
Other comprehensive expense	-	-	(18)	(18)
Total comprehensive expense for the period	-	(81)	(18)	(99)
Total comprehensive expense attributable to owners of the Parent Company	-	(81)	(18)	(99)
Transactions with owners:				
Issued capital	1	-	-	1
Dividend	-	(95)	-	(95)
Reduction in shareholder loan	2	-	-	2
Total transactions with owners of the Parent Company	3	(95)	-	(92)
Balance at 30 June 2014 (unaudited)	<u>330</u>	<u>(382)</u>	<u>(62)</u>	<u>(114)</u>

**Unaudited condensed consolidated interim statement of financial position
as at 31 December 2013 and 30 June 2014**

	<u>Note</u>	<u>31 December 2013</u>	<u>30 June 2014</u>
		Audited USDm	Unaudited USDm
Assets			
Non-current assets			
Intangible assets	1.9	276	368
Property, plant and equipment	1.10	1,012	1,115
Investments in joint ventures and associates		3	4
Assets held at fair value	1.13	-	12
Other receivables		10	9
Deferred tax assets		39	41
		<u>1,340</u>	<u>1,549</u>
Current assets			
Trade and other receivables		105	128
Inventories		4	5
Cash and cash equivalents		49	77
		<u>158</u>	<u>210</u>
Total assets		<u>1,498</u>	<u>1,759</u>
Liabilities			
Current liabilities			
Trade and other payables		161	197
Borrowings	1.12	638	-
Current tax liabilities		5	8
		<u>804</u>	<u>205</u>
Net current (liabilities)/assets		<u>(646)</u>	<u>5</u>
Non-current liabilities			
Trade and other payables		330	352
Borrowings	1.12	200	1,233
Deferred tax liabilities		87	83
		<u>617</u>	<u>1,668</u>
Net assets/(liabilities)		<u>77</u>	<u>(114)</u>
Equity			
Capital and reserves attributable to the owners of the Parent Company			
Share capital	1.14	327	330
Reserves		(250)	(444)
Total equity		<u>77</u>	<u>(114)</u>

**Unaudited condensed consolidated interim statement of cash flows
for the six months ended 30 June 2013 and 2014**

	6 months ended 30 June 2013	6 months ended 30 June 2014
	Unaudited USDm	Unaudited USDm
Cash flows from operating activities		
Cash generated from operations	74	101
Income taxes paid	(4)	(8)
Net cash from operating activities	<u>70</u>	<u>93</u>
Cash flows from investing activities		
Proceeds on disposal of property, plant and equipment	1	-
Purchase of property, plant and equipment	(71)	(84)
Purchase of intangible assets	(2)	(4)
Acquisition of subsidiaries, net of cash acquired	(55)	(146)
Net cash used in investing activities	<u>(127)</u>	<u>(234)</u>
Net cash flow before financing activities	<u>(57)</u>	<u>(141)</u>
Cash flows from financing activities		
Proceeds from issuance of share capital	32	-
Issue costs on issuance of share capital	(2)	-
Repayment of borrowings	-	(852)
Proceeds from borrowings	83	1,250
Issue costs on borrowings	(1)	(20)
Dividend paid	-	(95)
Finance costs	(44)	(114)
Net cash from financing activities	<u>68</u>	<u>169</u>
Net decrease in cash and cash equivalents	11	28
Cash and cash equivalents at 1 January	58	49
Exchange movements on cash and cash equivalents	1	-
Cash and cash equivalents at 30 June	<u>70</u>	<u>77</u>

**Unaudited condensed consolidated interim statement of cash flows
for the six months ended 30 June 2013 and 2014**

The reconciliation of loss for the period to net cash generated from operating activities was as follows:

	6 months ended 30 June 2013	6 months ended 30 June 2014
	Unaudited USDm	Unaudited USDm
Loss for the year	(4)	(81)
<i>Adjustments for:</i>		
Tax expense	6	9
Depreciation	40	45
Amortisation	6	7
Loss on sale of plant, property and equipment	1	1
Finance expense	47	129
Finance income	-	(9)
Share of loss of joint ventures and associates	1	-
Employee benefits	<u>1</u>	<u>8</u>
Operating cash flows before working capital changes	<u>98</u>	<u>109</u>
Changes in working capital		
(Increase) in trade and other receivables	(17)	(14)
(Decrease)/increase in payables	<u>(7)</u>	<u>6</u>
Cash generated from operations	<u>74</u>	<u>101</u>

Notes to the unaudited condensed consolidated interim financial information

1. Results

1.1 Reporting Entity

Columbus was incorporated on 13 October 2004 as Ironbound Holdings (Barbados) Limited, then amended on 19 October 2005 to Columbus International Inc. under the Companies Act of Barbados.

Columbus is a diversified Caribbean communications company whose core operating business consists of providing cable television services, high speed internet access, digital phone and internet infrastructure services (“Flow”) and the development of an undersea fibre optic cable network, as well as the sale and lease of the telecom capacity provided by the Network (“Columbus Networks”).

Columbus’ registered office is located at Suites 205-207 Dowell House Cr. Roebuck & Palmetto Street, Bridgetown, Barbados.

1.2 Statement of compliance

The condensed consolidated interim financial information for the six months ended 30 June 2014 have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union. The condensed consolidated interim financial information does not include all the information and disclosures required for full annual financial statements, and therefore should be read in conjunction with Columbus Group’s historical financial information as at and for the year ended 31 December 2013.

These consolidated financial statements are presented in US dollars (USD) and rounded to the nearest million, unless otherwise indicated.

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

1.3 Significant accounting policies and principles

The accounting policies applied by the Columbus Group in this condensed consolidated interim financial information are the same as those applied by the Columbus Group in its consolidated historical financial information as at and for the year ended 31 December 2013, with the exception of new and revised accounting standards and interpretations effective from 1 January 2014 and the specific requirements of IAS 34 *Interim Financial Reporting*.

Several new standards and amendments apply for the first time in 2014. However, they do not impact the annual consolidated financial statements of the Columbus Group or the condensed consolidated interim financial information of the Columbus Group.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the condensed consolidated interim financial information.

Income tax expense in the interim period is based on our best estimate of the weighted average annual income tax rate expected for the full year.

1.4 Estimates

The preparation of condensed consolidated interim financial information requires management to make estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are considered to be reasonable under the circumstances. They form the basis of judgements about the carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated historical financial information as at and for the year ended 31 December 2013.

The accounting policies have been applied consistently by Columbus Group entities.

1.5 Segment information

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The Columbus Group has a corporate centre that does not meet the definition of an operating segment as it does not earn revenue from its activities. The non-operating corporate centre is also disclosed within 'eliminations and adjustments' in order to reconcile the reportable segment results to the Group results.

Unaudited 6 months ended 30 June 2014	Columbus Networks	Flow	Eliminations and adjustments¹	Total
	USDm	USDm	USDm	USDm
Revenue				
– External customers	114	170	-	284
– Intra-segment	-	4	(4)	-
Total revenue	<u>114</u>	<u>174</u>	<u>(4)</u>	<u>284</u>
Profit/(loss) for the period ²	<u>28</u>	<u>27</u>	<u>(136)</u>	<u>(81)</u>
Total assets at 30 June 2014	<u>966</u>	<u>801</u>	<u>(8)</u>	<u>1,759</u>
Total liabilities at 30 June 2014	<u>651</u>	<u>759</u>	<u>463</u>	<u>1,873</u>
Other disclosures:				
Capital expenditure for the period ended 30 June 2014				<u>84</u>

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

2 – The profit for each operating segment does not include net financing costs. Net financing costs for the period ended 30 June 2014 is USD120m.

Unaudited 6 months ended 30 June 2013	Columbus Networks	Flow	Eliminations and adjustments¹	Total
	USDm	USDm	USDm	USDm
Revenue				
– External customers	100	143	-	243
– Intra-segment	-	2	(2)	-
Total revenue	<u>100</u>	<u>145</u>	<u>(2)</u>	<u>243</u>
Profit/(loss) for the period ²	<u>31</u>	<u>17</u>	<u>(52)</u>	<u>(4)</u>
Total assets at 31 December 2013	<u>736</u>	<u>778</u>	<u>(16)</u>	<u>1,498</u>
Total liabilities at 31 December 2013	<u>442</u>	<u>731</u>	<u>248</u>	<u>1,421</u>
Other disclosures:				
Capital expenditure for the period to 30 June 2013				<u>71</u>

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

2 – The profit for each operating segment does not include financing costs. Total financing costs for the period ended 30 June 2013 is USD47m.

1.6 Income tax expense

The major components of income tax expense in the consolidated interim income statement are comprised of the following:

	6 months ended 30 June 2013	6 months ended 30 June 2014
	Unaudited USDm	Unaudited USDm
Current income tax	5	12
Deferred income tax expense/(credit)	<u>1</u>	<u>(3)</u>
Income tax expense	<u>6</u>	<u>9</u>

1.7 Exceptional items and other operating expenses

(A) Other operating expense

For the period ended 30 June 2014, other operating expenses totalled USD17m included USD3m of transaction costs relating to acquisitions and USD1m in respect of disposal of plant and equipment. Also included are costs of USD6m for the Employee Incentive Plan (EIP), USD2m forgiveness of a shareholder loan and USD5m in respect of dividend equivalent rights (Section 1.16) of this Part III(C).

For the period ended 30 June 2013, other operating expense totalled USD5m included USD2m of transaction costs relating to acquisitions and USD1m in respect of disposal of plant and equipment. Also included are costs of USD1m for the Employee Incentive Plan (EIP) and USD1m of other costs.

(B) 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 were USD1m for the period ended 30 June 2014 and 30 June 2013 due to restructuring costs incurred.

Exceptional finance costs are disclosed in Section 1.11 of this Part III(C).

1.8 Business Acquisitions

Promitel

Effective 1 May 2014, Columbus Group, through a wholly-owned subsidiary, purchased 100% 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. Transaction costs of USD3m have been expensed and are included in other operating expenses.

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

From the date of acquisition, Promitel contributed USD6m of revenue and USD2m of net income to the results of the Columbus Group. Had the acquisition occurred on 1 January 2014, Promitel would have contributed USD19m of revenue and USD1m of net income.

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

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

The assessment of the fair value of assets and liabilities acquired has not been yet been completed. Columbus Group expects there to be a value assigned to intangible assets acquired, changes to the fair value of certain acquired assets and liabilities, and the recognition of deferred taxes which will change the amount allocated to goodwill.

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.

1.9 Intangible assets

Goodwill is tested for impairment annually (at 30 November) and when circumstances indicate the carrying value may be impaired. Columbus Group's impairment test for goodwill and intangible assets with indefinite lives is based on value in use calculations that use a discounted cash flow model. The key assumptions used to determine the recoverable amount of the different cash generating units were discussed in the historical financial information for the year ended 31 December 2013.

Columbus Group considers internal and external factors when reviewing for indications of impairment. As at 30 June 2014, no indicators of impairment were identified. As a result, management has not performed an impairment test as at 30 June 2014.

During the six months ended 30 June 2014, Columbus Group has purchased intangible assets with a cost of USD4m (six months ended 30 June 2013: USD2m).

During the six months ended 30 June 2014, as a result of foreign currency translation, goodwill was reduced by USD11m.

1.10 Property, plant and equipment

During the six months ended 30 June 2014, Columbus Group has acquired property, plant and equipment with a cost of USD84m (six months ended 30 June 2013: USD71m).

1.11 Finance income and expense

	6 months ended 30 June 2013	6 months ended 30 June 2014
	Unaudited USDm	Unaudited USDm
Finance income		
Fair value gain on embedded derivative	-	9

During the period, Columbus Group issued USD1,250m senior secured notes which mature in 2021 (Section 1.12). Redemption terms (Section 1.12) associated with the notes represent an embedded derivative that requires bifurcation, where the bifurcated element is held at fair value through profit and loss. In the period from the date of issue of the notes and 30 June 2014, the fair value gain recognised was USD9m.

	6 months ended 30 June 2013	6 months ended 30 June 2014
	Unaudited USDm	Unaudited USDm
Finance expense		
Interest expense	44	46
Amortisation of issue costs	<u>3</u>	<u>1</u>
Finance expense	<u>47</u>	<u>47</u>
Exceptional finance expense	<u>-</u>	<u>82</u>
Total finance expense	<u>47</u>	<u>129</u>

Exceptional finance costs of USD82m related to additional interest charges of USD6m, early redemption charges including breakage fees and make-whole payments of USD62m and USD14m of unamortised debt issue costs and premiums. These charges were associated with the repayment of the USD640m senior secured notes and the USD225m senior guaranteed unsecured note facility (Section 1.12).

1.12 Borrowings

On 30 March 2014, Columbus Group issued USD1,250m senior notes bearing interest at 7.375%. The notes will mature on March 30, 2021.

The carrying value of the USD1,250m senior notes at 30 June 2014 was USD1,233m. Pursuant to the terms of the senior notes, Columbus has early redemption options to redeem all or part of the senior notes at certain dates at specified redemption prices, plus accrued and unpaid interest. These early redemption options are not closely related to the host instrument and therefore represent an embedded derivative which has been bifurcated and accounted for separately as a financial asset at fair value through profit and loss.

Columbus Group used part of the proceeds from the senior notes to repay the USD640m senior secured notes as well as the USD212m outstanding on the USD225m senior guaranteed unsecured notes facility in full.

1.13 Fair value

There were no financial liabilities held at fair value as at 30 June 2014 or at 31 December 2013.

The fair value of total borrowings was USD1,296m at 30 June 2014 (USD894m at 31 December 2013). Fair value of the quoted bonds is based on market price. Fair value of the unquoted instruments has been determined using discounted cash flows.

As disclosed in Section 1.11 above, the USD1,250m senior secured notes contain an embedded derivative as a result of certain redemption terms. The embedded derivative is held at fair value and is valued using a valuation technique classed as level 2 in the fair value measurement hierarchy. The lowest level inputs to the valuation are directly or indirectly observable.

Based on the unique features of the notes, the derivative was valued using a binomial tree/lattice approach based on the Hull-White single factor interest rate term structure model. Under this approach, an interest rate lattice is constructed according to a given short rate volatility and mean reversion constant as implied by the market as at each valuation date.

Key inputs to the valuation included:

- Percentages of swaption volatility selected as at 30 June 2014 varied between 27% and 30%.
- The credit spread as at June 30, 2014 was implied to be approximately 3.63%.

There was no material difference between the carrying value and the fair value of all other classes of financial assets and liabilities.

1.14 Equity

Columbus is authorised to issue an unlimited number of common shares without nominal or par value.

Share capital:

	Number of shares	USDm
	(000)	
Ordinary shares issued and fully paid		
At 1 January 2014 (audited)	257,749	327
Converted preference shares ¹	910	1
Reduction in shareholder loan ²	<u>2,000</u>	<u>2</u>
At 30 June 2014 (unaudited)	<u>260,659</u>	<u>330</u>

1 During the six month period, Columbus Group converted the 750 outstanding preference shares and accumulated outstanding interest of USD0.7m to common shares of Columbus Group. The total accumulated interest and preferred shares were converted at USD1.55 per share.

2 During the six month ended period, Columbus Group forgave USD2m of a shareholder loan. The expense was recorded as long-term employee compensation.

1.15 Dividends declared and paid

On 11 April 2014, Columbus paid dividends of USD0.36 per share to the shareholders. Total paid dividends of USD95m were accounted for as an appropriation of retained earnings in the period.

Dividend equivalent rights were also paid to share option holders (Section 1.16).

1.16 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.

Equity incentive plan

During the six months ended 30 June 2014, holders exercised 710,821 Type 1 options and 140,000 Type 2 options. Columbus Group elected to make cash payments of USD2m. In addition, 120,000 options were forfeited during the period.

During the six month period ended 30 June 2014, Columbus Group issued 215,000 new Type 4 options with an exercise price of USD3.08. The following table outlines the vesting schedule of the issued options:

Unaudited 30 June 2014 Number of shares	Fully vested	2014	2015	2016	2017	2018	2019	Total
	'000	'000	'000	'000	'000	'000	'000	'000
Type 1 options	3,986	60	30	10	-	-	-	4,086
Type 2 options	6,875	1,217	1,084	129	25	-	-	9,330
Type 3 options	-	-	180	117	79	19	-	395
Type 4 options	-	200	-	-	9	3	3	215
Total	10,861	1,477	1,294	256	113	22	3	14,026

The following tables outline the movement in share options during the six month period and the balance outstanding at 30 June.

Unaudited 30 June 2014 Number of shares	Type 1	Type 2	Type 3	Type 4	Total
	Exercise price				
	USD0.01	USD2.00	USD3.02	USD 3.08	'000
	'000	'000	'000		'000
At 1 January 2014 (audited)	4,807	9,580	395	-	14,782
Issued during the period	-	-	-	215	215
Forfeited	(10)	(110)	-	-	(120)
Exercised	(711)	(140)	-	-	(851)
At 30 June 2014 (unaudited)	4,086	9,330	395	215	14,026

The carrying amount of the liability as at 30 June 2014 is USD22m (31 December 2013: USD19m). A total of USD6m was recorded as compensation expense for the six months ended 30 June 2014 (six months ended 30 June 2013: USD1m). The fair value of the options was determined using consistent methodology as in the audited year-end financial statements.

On 11 April 2014, Columbus paid dividend equivalent rights of USD0.36 per share to the unit holders of the equity incentive plan. Total dividend equivalent rights were USD5m accounted for as other operating expenses. Total cash paid was USD4m, with USD1m accrued to be paid as the related units vest.

1.17 Related party transactions

The nature of the related party transactions of the Columbus Group has not changed from those described in the historical financial information for the year ended 31 December 2013.

Transactions with shareholders

A loan was made to a shareholder and member of key management personnel as a share purchase loan. The balance at 30 June 2014 was USD1m (31 December 2013: USD3m) and the loan is repayable upon disposition of the shares purchased and is presented as a reduction from issued share capital. During the period USD2m (30 June 2013:nil) of the loan was forgiven and was recorded as a long-term compensation expense. The loan is secured by a pledge of the shares purchased with the loan.

During the period, an amount of USD1m due to the Company from a shareholder was repaid.

Transactions with key management personnel

The Columbus Group has a note payable to a member of key management personnel. The balance due from Columbus was USD1.6m at 30 June 2014 (USD1.6m at 31 December 2013).

1.18 Contingent liabilities

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 of directors of CWC 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.

1.19 Events after the reporting period

Disposal of interest in associate

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

PART IV

UNAUDITED PRO FORMA FINANCIAL INFORMATION FOR THE ENLARGED GROUP

PART IV(A): ACCOUNTANT'S REPORT IN RESPECT OF THE UNAUDITED PRO FORMA INFORMATION ON THE ENLARGED GROUP



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The Directors
Cable & Wireless Communications Plc
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19 November 2014

Ladies and Gentlemen

Cable & Wireless Communications Plc (“CWC”)

We report on the pro forma net assets statement (the “Pro forma financial information”) set out in Part IV(B) (*Unaudited pro forma statement of net assets of the Enlarged Group*) of the Class 1 circular dated 19 November 2014, which has been prepared on the basis described in the notes to Part IV(B), for illustrative purposes only, to provide information about how the acquisition of Columbus might have affected the financial information presented on the basis of the accounting policies adopted by CWC in preparing the financial statements for the period ended 31 March 2014. This report is required by paragraph 13.3.3R of the Listing Rules of the Financial Conduct Authority and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

It is the responsibility of the directors of CWC to prepare the Pro forma financial information in accordance with paragraph 13.3.3R of the Listing Rules of the Financial Conduct Authority.

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

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

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

Basis of opinion

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

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

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

Opinion

In our opinion:

- (A) the Pro forma financial information has been properly compiled on the basis stated; and
- (B) such basis is consistent with the accounting policies of CWC.

Yours faithfully

KPMG LLP

PART IV(B): UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP

The unaudited combined pro forma net assets statement set out below has been prepared for illustrative purposes only to illustrate the effect on CWC's net assets of its acquisition of Columbus, refinancing by Columbus and the disposal of the Monaco business by CWC as if they had taken place on 31 March 2014. As a result of its nature, the unaudited pro forma net assets statement addresses a hypothetical situation and, therefore, does not represent CWC's actual net assets following these transactions.

The unaudited pro forma net assets statement has been compiled on a basis consistent with the accounting policies of CWC from the statement of financial position of CWC as at 31 March 2014 and prepared in accordance with Annex II of the Prospectus Directive Regulation and on the basis of the notes set out below in this Part IV(B).

	Adjustments					Pro forma Enlarged Group
	CWC 31 March 2014	Monaco disposal	Columbus 31 Dec 2013	Bond refinancing and dividend	Acquisition	
	(Note 1)	(Note 2)	(Note 3)	(Note 4)	(Note 5)	
	USDm	USDm	USDm	USDm	USDm	USDm
Assets						
Non-current assets						
Intangible assets	526	(376)	276	-	1,949	2,375
Property, plant and equipment	1,418	(40)	1,012	-	-	2,390
Investments in joint ventures and associates	188	(20)	3	-	-	171
Available-for-sale financial assets	58	-	-	-	-	58
Other receivables	170	(20)	10	-	-	160
Deferred tax assets	34	(11)	39	-	-	62
Retirement benefit assets	20	-	-	-	-	20
Total non-current assets	2,414	(467)	1,340	-	1,949	5,236
Current assets						
Trade and other receivables	433	(42)	105	-	-	496
Inventories	36	(1)	4	-	-	39
Cash and cash equivalents	205	402	49	212	115	983
Assets held for sale	70	-	-	-	-	70
Total current assets	744	359	158	212	115	1,588
Total assets	3,158	(108)	1,498	212	2,064	6,824
Liabilities						
Current liabilities						
Trade and other payables	612	(72)	161	(8)	858	1,551
Borrowings	58	-	638	(638)	-	58
Financial liabilities at fair value	274	(274)	-	-	-	-
Provisions	140	(19)	-	-	-	121
Current tax liabilities	121	-	5	-	-	126
Liabilities held for sale	23	-	-	-	-	23
Total current liabilities	1,228	(365)	804	(646)	858	1,879
Net current (liabilities)/assets	(484)	724	(646)	858	(743)	(291)
Non-current liabilities						
Trade and other payables	26	(3)	330	-	-	353
Borrowings	797	-	200	1,031	724	2,752
Deferred tax liabilities	27	-	87	-	-	114
Provisions	42	-	-	-	-	42
Retirement benefit obligations	199	-	-	-	-	199
Total non-current liabilities	1,091	(3)	617	1,031	724	3,460
Net assets	839	260	77	(173)	482	1,485

Notes:

The unaudited pro forma net assets statement as at 31 March 2014 is based on:

- The financial information of CWC has been extracted, without material adjustments, from its audited annual financial statements for the twelve months ended 31 March 2014.

2. CWC disposed of its 55 per cent. interest in Compagnie Monégasque de Communication SAM (CMC), the holding company of the Group's interests in Monaco Telecom S.A.M., to a private investment vehicle controlled by Xavier Niel on 20 May 2014.

At completion of the disposal, CWC received consideration of €322m (USD445 m) on a cash and debt free basis plus €6m (USD8m) relating to the cash, debt and working capital at completion. The cash proceeds net of transaction expenses of USD9m and cash balances disposed of (USD42m) were USD402m.

3. The financial information of Columbus, for the twelve months ended 31 December 2013, has been extracted, without material adjustments, from the financial information set out in Part III(B) above.
4. On 30 March 2014 Columbus issued USD1,250m of 7.375 per cent. Senior Secured Notes, maturing on 30 March 2021. This debt is listed on the Euro-MTF exchange in Luxembourg.

The use of proceeds from issue of the 7.375 per cent. Senior Secured Notes is as follows:

	<u>Use of proceeds</u>
	<u>USDm</u>
Gross proceeds from sale of 7.375 per cent. Senior Secured Notes	1,250
Less: Transaction costs	(19)
Net proceeds	<u>1,231</u>
Repayment of:	
- Principal amount of 11.5 per cent. Senior Secured Notes	(640)
- Principal amount of 9.5 per cent. Senior Notes	(212)
- Breakage fees and make-whole payments	(68)
Payment of dividend and dividend equivalent rights	<u>(99)</u>
Remaining cash for general corporate purposes	<u><u>212</u></u>

The outstanding amount on the 9.5 per cent. Senior Notes and 11.5 per cent. Senior Secured Notes as at 31 December 2013 was USD838m (net of USD14m unamortised arrangement costs), of which USD638m was current and USD200m was non-current. The outstanding amount on the 7.375 per cent. unsecured Senior Secured Notes is a non-current borrowing of USD1,231m. Accordingly adjustments of USD1,031m to non-current borrowings and USD(638)m to current borrowings. As at 31 December 2013, Columbus had accrued interest of USD8m on the 11.5 per cent. Senior Secured Notes.

5. The consideration payable for the proposed acquisition of Columbus is as follows:

Cash	708
Shares (CWC share price of 46p based on 15 day VWAP)	1,145
Columbus bond assumed (see note 4 above)	<u>1,231</u>
Total consideration	<u><u>3,084</u></u>

Transaction costs related to the proposed acquisition of Columbus total USD84m.

The cash consideration of USD708m plus transaction costs of USD84m have been financed by USD183m raised by a placing of shares by CWC and debt facilities of a net USD724m (USD760m gross less USD36m of arrangement costs) with the remaining cash raised of USD115m available for general corporate purposes.

No purchase price allocation has been completed for the purposes of the proforma statement and as such the fair values of consideration paid and net assets acquired have not been determined. The excess of consideration paid over the net assets acquired is USD1,949m and has been reflected in intangible assets.

As part of the transaction the vendors have been granted options to sell their shares to CWC over a period of four years, as more fully described in Part V (*Principal terms of the Share Purchase Agreement and other related documentation*) of this document. No fair value has been attributed to these options. For accounting purposes the present value of the redemption amount of these shares of USD858m has been recognised as a non-current liability.

6. No adjustment has been made to the pro forma financial information for the acquisition of Promitel by Columbus for cash consideration of USD146m effective from 1 May 2014; information on this acquisition is disclosed at Section 10.2 of Part VI (*Additional Information*) of this circular. No adjustment has been made for any other events or transactions undertaken by CWC since 31 March 2014 or Columbus since 31 December 2013.

PART V

PRINCIPAL TERMS OF THE SHARE PURCHASE AGREEMENT AND OTHER RELATED DOCUMENTATION

TERMS AND CONDITIONS OF THE ACQUISITION

1. Share Purchase Agreement

The Share Purchase Agreement was entered into on 6 November 2014 between CWC and the Vendors pursuant to which CWC has conditionally agreed to acquire the entire issued share capital of Columbus from the Vendors. CWC has the right to nominate another person, being a wholly-owned subsidiary of CWC, to be the transferee of such share capital or, if required, to implement the Acquisition by way of New CWC, rather than CWC, acquiring the entire issued share capital of Columbus. The Vendors will also procure the cancellation of all outstanding options over Columbus shares with effect from Completion. 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.

1.1 Consideration

The consideration payable to the Vendors at Completion under the terms of the Share Purchase Agreement for the entire issued share capital of Columbus is:

- USD707,545,658 in cash; and
- the allotment and issue of 1,557,529,605 Ordinary Shares to the Principal Vendors.

Assuming that no further Ordinary Shares will be issued from the Latest Practicable Date until the date of Admission of the Consideration Shares (other than the Consideration Shares), the Consideration Shares will represent approximately 36 per cent. of the Acquiring Company's issued share capital¹⁶ immediately following the Admission of the Consideration Shares, with Clearwater holding 846,355,136 Ordinary Shares (20 per cent. of the Acquiring Company's then-issued share capital), CHLLC holding 575,096,759 Ordinary Shares (13 per cent.) and Brendan Paddick holding 136,077,710 Ordinary Shares (3 per cent.)

The Consideration Shares will be in registered form and capable of being held in uncertificated form.

Upon Admission, the Consideration Shares will rank *pari passu* in all respects with the existing issued Ordinary Shares and will rank in full for all dividends and other distributions declared, made or paid on the ordinary share capital of the Acquiring Company with a record date on or after the date of allotment.

The issue date of the Consideration Shares to be allotted in satisfaction of part of the consideration in respect of the Acquisition is expected to be in Q1 2015.

1.2 Conduct of business prior to Completion

The consideration has been calculated by reference to the balance sheet of Columbus as at 30 June 2014 and the Share Purchase Agreement contains anti-leakage provisions regarding the conduct of the business of the Columbus Group between 1 July 2014 and Completion. Certain leakages from the Columbus Group will be permitted to occur without a reduction in the consideration payable by the Acquiring Company, including (i) the agreement by Columbus to pay to option holders an amount in aggregate no greater than USD72.5m in respect of the cancellation of the Columbus options and (ii) the payment by Columbus of up to USD2.5m of transaction fees and expenses.

In addition, the Vendors have agreed to procure, to the extent of their influence, that the business of the Columbus Group is run in the ordinary course up to Completion and that certain actions are not taken without the consent of a joint committee of the Company and the Vendors.

1.3 Pre-Completion actions

The parties have agreed to undertake and complete the transfer of certain US FCC licensed entities (the "US Carve-Out Businesses") in the Columbus Group to a newly incorporated SPV owned by Clearwater and Brendan Paddick ("New Cayman") immediately prior to Completion (the "US Carve-Out"), 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

¹⁶ Excluding treasury shares.

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**”).

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

- (i) New Cayman will be maintained as an SPV holding the US licensed entities, owned by Clearwater and Paddick;
- (ii) 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 Carve-Out Businesses, at the direction of, and subject to the ultimate control, direction and oversight of, the US Carve-Out Businesses, in return for a fee; and
- (iii) the anti-leakage provisions will continue to apply in relation to New Cayman and the US Carve-Out Businesses.

(B) When FCC approval is obtained, the US Carve-Out Businesses will be transferred to the Columbus group.

1.4 Conditions

Completion is conditional upon certain things, including:

- (A) the passing of the Resolutions by no later than 12 December 2014 (or such later date as the parties may agree);
- (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.

In accordance with the terms of the Share Purchase Agreement, CWC and Columbus have undertaken to provide each other with all such assistance as is necessary in order to obtain certain regulatory approvals in Barbados, Jamaica and Trinidad and Tobago, including to consider other business reorganisations or like structures as may assist in obtaining, or avoiding the need to obtain prior to Completion, these regulatory approvals.

1.5 Warranties

The Share Purchase Agreement contains warranties given by the Vendors, deemed to be reiterated at Completion, in relation to (i) their title to and ownership of the shares in Columbus, and (ii) their capacity to enter into and perform the Share Purchase Agreement (the “**Title Warranties**”).

The Share Purchase Agreement also contains certain warranties given by the Principal Vendors in relation to the underlying business of the Columbus Group (the “**Non-Title Warranties**”).

The Vendors’ liability to CWC for breach of the Title Warranties terminates 30 days after Completion, unless CWC has given written notice of a claim prior to that date. The Principal Vendors’ liability to CWC for breach of the Non-Title Warranties terminates on 15 May 2015, unless CWC has given written notice of a claim prior to that date.

The maximum overall liability of the Vendors is capped at 30 per cent. of the value of the consideration received by each of the Vendors. The Vendors will only be liable for claims if their total aggregate liability, derived from an individual claim (or a set of claims based on identical or substantially similar facts or circumstances), exceeds USD50m.

1.6 Termination

(A) If:

- (i) the condition requiring the Resolutions to have been passed by 12 December 2014 is not satisfied or waived and the passing of the Resolutions by the Shareholders cannot, or cannot reasonably be expected to, occur in time to enable Completion to occur by 28 February 2015 (or such later date as the parties may agree); or

(ii) Completion has not occurred by 28 February 2015 (or such later date as the parties may agree), the Share Purchase Agreement will automatically terminate.

(B) In addition, if:

- (i) prior to the General Meeting a 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 City Code, and the Resolutions are not voted on by or on the date set for the passing of those resolutions; or
- (ii) after the General Meeting a 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 City Code and Completion does not occur, or the Principal 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.

1.7 Transaction Fee

CWC has agreed to pay a transaction fee to the Vendors of an amount equal to 1 per cent. of its market capitalisation at market close on the day prior to signing the Share Purchase Agreement (approximately USD19.77m) if the Share Purchase Agreement automatically terminates in the circumstances set out in Section 1.6(A) above, 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.

However, if a required regulatory approval listed at Section 1.4(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 the Company 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.

No transaction fee will be payable if the Vendors elect to terminate the Share Purchase Agreement in the circumstances set out in Section 1.6(B) above.

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 City 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 then become payable. If, however, any such Relevant Offer becomes or is declared unconditional, no transaction fee would or will become payable.

1.8 Proposed Directors

The Proposed Directors – John Risley, Brendan Paddick and Thad York – will be directors of the Acquiring Company following Completion.

2. Lock-up and Put Option Arrangements

At Completion, the Acquiring Company 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 Principal Vendor to either (i) require the Acquiring Company to purchase for cash up to a certain number of its Consideration Shares each year from 2016 to 2019 inclusive for the notional issue price of USD0.7349¹⁷ 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 the Acquiring Company to purchase under a Put Option each year being the “**Relevant Annual Put Shares**”); 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).

¹⁷ 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.

Under the terms of the Put Option Deeds, the Company and the Principal Vendors will agree that:

- (A) transactions and arrangements between the Company and the Principal Vendors (and/or any of their respective associates) will be conducted at arm's length and on normal commercial terms;
- (B) neither the Principal Vendors nor any of their respective associates will take any action that would have the effect of preventing the Company from complying with its obligations under the listing rules; and
- (C) neither the Principal Vendors nor any of their respective associates will propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the listing rules as they relate to the Company.

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

2.1 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 in Section 2.4), 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 in Section 2.5, 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 the Acquiring Company), 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 the Acquiring Company 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 the Acquiring Company's shareholders in accordance with the City 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.

2.2 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 of the Acquiring Company 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 the Acquiring Company that has been recommended by the board of the Acquiring Company.

2.3 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 the Acquiring Company's preliminary results announcement in the relevant year (not counting any period during which the Acquiring Company is in a “prohibited period” for the purposes 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 the Acquiring Company to purchase under the Put Options in each year is set out below.

<u>Year</u>	<u>Number of Consideration Shares</u>
2016	379,656,810
2017	379,656,810
2018	471,629,477
2019	326,586,508

2.4 Disposals in Permitted Sale Periods

If a Put Option is not exercised, or is not exercised in full, in any year each Principal Vendor will be permitted to sell in the market (subject to orderly market arrangements with the Acquiring Company) 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 the Acquiring Company 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 the Acquiring Company) (“**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 under the previous paragraph of this Section 2.4.

2.5 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 the Acquiring Company).

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.

2.6 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 Acquiring Company’s board, until the later of the expiry of the Restricted Period and its holding of Ordinary Shares falling below 10 per cent. of the Acquiring Company’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 of the Acquiring Company 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 Acquiring Company’s board until its holding of Ordinary Shares falls below 10 per cent. of the Acquiring Company’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 Risle, Brendan Paddick and Thad York – who will be directors of the Acquiring Company 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 Acquiring Company’s board, for consideration by the Nominations Committee of the Acquiring Company. Prior to any request for removal of its representative or proposal of a replacement, the Principal Vendor will consult with the Chairman of the Acquiring Company’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 Acquiring Company’s board. The Nominations Committee of the Acquiring Company shall not unreasonably withhold or delay its recommendation to the board to appoint any replacement director proposed by a Principal Vendor.

2.7 Future share issues

The Acquiring Company has agreed with the Principal Vendors that, subject to certain exceptions, prior to the end of the Restricted Period, it will not issue Ordinary 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 the Acquiring Company.

2.8 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.

3. TERMS AND CONDITIONS OF THE FINANCING ARRANGEMENTS IN RESPECT OF THE ACQUISITION

3.1 Commitment Papers

The Commitment Papers were entered into on 6 November 2014 between the Company, JPMorgan Chase Bank, N.A. and J.P. Morgan Securities LLC (together, the “Financing Providers”), pursuant to which the Financing Providers commit to provide the Secured Bridge and the Unsecured Bridge (which, excluding any amount reallocated from the New RCF to the Secured Bridge or Unsecured Bridge, will be used to fund the Cash Consideration), as well as the SIFL Backstop Bridge, the Columbus Backstop Bridge and the New RCF.

As described in Section 10.1 of Part VI (*Additional Information*) of this circular, the Commitment Papers are comprised of multiple documents which together constitute the commitment of the Financing Providers and the Company’s obligations in respect thereof. The Commitment Papers are governed by the laws of the State of New York.

3.2 Commitment

The Financing Providers have committed to provide:

- (A) a USD460m senior secured two-year bridge facility, being the Secured Bridge;
- (B) a USD300m senior unsecured two-year bridge facility, being the Unsecured Bridge;
- (C) a USD404m 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, being the SIFL Backstop Bridge;
- (D) a USD1,262.5m 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, being the Columbus Backstop Bridge; and
- (E) a USD500m senior secured revolving credit facility, being the New RCF, with any amount up to USD425m not successfully syndicated able to be added to the principal amount of the Secured Bridge or Unsecured Bridge.

CWC may, in conjunction with the Financing Providers, seek to syndicate these commitments. Once a specified amount of the commitments in respect of the Secured Bridge, Unsecured Bridge, SIFL Backstop Bridge, Columbus Backstop Bridge and New RCF have been syndicated, the quantum by which the Financing Providers may increase certain fees payable by the Company on the Secured Bridge, Unsecured Bridge and SIFL Backstop Bridge in order to facilitate syndication pursuant to a market flex clause will be decreased.

3.3 Conditions

The provision of funding under the commitments is conditional upon certain things, including but not limited to:

- (A) since the date of the Share Purchase Agreement, no fact, change, event or occurrence that has a material adverse effect on the financial condition of the Columbus Group together with the CWC Group taken as a whole having occurred, subject to certain exceptions including but not limited to any actions taken or avoided to the extent expressly or otherwise required by the Share Purchase Agreement or taken at the written request of the purchaser under the Share Purchase Agreement;

- (B) the execution and delivery of definitive documentation consistent with the terms of the Commitment Papers; and
- (C) the completion of the Scheme.

3.4 Indemnity

The Commitment Papers contain an indemnity in favour of the Financing Providers, their affiliates, directors, officers, partners, employees, agents, representatives and control persons in respect of certain losses, claims, damages, liabilities and expenses which are related to or arise out of, among other things, actions taken or omitted to be taken by CWC or which are otherwise related to the Acquisition and the Commitment Papers.

3.5 Termination

The commitments provided under the Commitment Papers will automatically terminate on the first to occur of (i) 17:00 (New York time) on 30 April 2015, unless the Company has purchased the entire issued share capital of Columbus; (ii) in respect of the SIFL Backstop Bridge and Columbus Backstop Bridge only, if notes are issued in lieu of borrowing under such bridge facilities; (iii) in respect of any reduction in respect of commitments permitted to be reduced by the Commitment Papers only, on the date of such reduction; (iv) any time after the execution of the Share Purchase Agreement and prior to the purchase of the entire issued share capital of Columbus by the Company, the date of termination of the Share Purchase Agreement; or (v) the purchase of the entire issued share capital of Columbus by the Company without the use of the facilities provided under the Commitment Papers.

PART VI

ADDITIONAL INFORMATION

1. Directors' Responsibility Statement

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

Each of the Principal Vendors accepts responsibility for the information contained in this document relating to it (and, in the case of Clearwater, John Risley, and in the case of CHLLC, John Malone). To the best of the knowledge and belief of the Principal Vendors (who have taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company

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

The principal legislation under which the Company operates is the Companies Act and the regulations made thereunder. The Company is domiciled in the United Kingdom with its registered office and principal place of business in the United Kingdom at 3rd Floor, 26 Red Lion Square, London WC1R 4HQ.

3. Interests and Dealings

3.1 Directors' Ordinary Shares

As at the Latest Practicable Date the interests of each Director, their immediate families and related trusts and, insofar as is known to them or could with reasonable diligence be ascertained by them, persons connected (within the meaning of section 252 of the Companies Act) with the Directors (all of which, unless otherwise stated, are beneficial) in the share capital of the Company, including interests arising pursuant to any transaction notified to the Company pursuant to rule 3.1.2 of the Disclosure and Transparency Rules together with such interests as are expected to subsist immediately following Admission are set out in the following table.

<u>CWC Directors</u>	As at 17 November 2014 ⁽¹⁾		Interests Immediately following Admission of the Consideration Shares ⁽¹⁾	
	Number of Existing Ordinary Shares	Percentage of issued share capital of CWC	Number of Ordinary Shares	Percentage of issued share capital of Enlarged Group
Sir Richard Laphorne	9,000,000	0.32	9,000,000	0.21
Phil Bentley	5,265,968 ⁽²⁾	0.19	5,265,968 ⁽²⁾	0.12
Nick Cooper	2,558,646 ⁽²⁾	0.09	2,558,646 ⁽²⁾	0.06
Ralph Perley McBride	700,000	0.03	700,000	0.02
Simon Ball	504,348	0.02	504,348	0.01
Alison Platt	23,764	<0.01	23,764	<0.01
Ian Tyler	4,000	<0.01	4,000	<0.01
Mark Hamlin	122,222	<0.01	122,222	<0.01

(1) Figures are calculated assuming that the interests in CWC of the Directors as at close of business on 17 November 2014 do not change, that 1,557,529,605 Ordinary Shares are issued in connection with Acquisition and that no further issues of Ordinary Shares occur between publication of this circular and Completion. In accordance with the City Code, percentage ownership is calculated by reference to shares in issue outside treasury.

(2) Interests in shares stated include 265,968 CWC Shares awarded to Phil Bentley and 488,061 CWC Shares awarded to Nick Cooper under the Deferred Bonus Plan as of the Latest Practicable Date. Each of Phil Bentley and Nick Cooper hold beneficial title to such shares but the shares are subject to claw back provisions until at least 29 May 2015.

3.2 Directors' Performance Share Plan

As at the Latest Practicable Date the following Directors had the following outstanding awards over Existing Shares under the Performance Share Plan:

<u>Name and scheme*</u>	<u>Award Date</u>	<u>Vesting Date</u>	<u>Market price on date of award of Ordinary Shares (p)</u>	<u>Shares under award at 17 November 2014</u>
Executive Directors				
Nick Cooper				
Performance Shares	14/01/13	13/01/16	37.72	1,812,761
Performance Shares ^{DS}	11/08/13	13/01/16	40.08	79,489
Performance Shares ^{DS}	11/01/14	13/01/16	56.50	26,164
Performance Shares ^{DS}	08/08/14	13/01/16	47.37	59,751
Performance Shares	30/05/13	29/05/16	43.89	1,267,462
Performance Shares ^{DS}	11/08/13	29/05/16	40.08	55,577
Performance Shares ^{DS}	11/01/14	29/05/16	56.50	18,294
Performance Shares ^{DS}	08/08/14	29/05/16	47.37	41,777
				<u>3,361,275</u>
Phil Bentley				
Performance Shares	02/01/14	*	62.85	4,288,011
Performance Shares ^{DS}	11/01/14	*	56.50	61,891
Performance Shares ^{DS}	08/08/14	*	47.37	141,340
Performance Shares	29/05/14	28/05/17	54.57	2,932,013
Performance Shares ^{DS}	08/08/14	28/05/17	47.37	96,644
				<u>7,519,899</u>
Perley McBride				
Performance Shares	30/06/14	29/06/17	48.68	1,452,376
Performance Shares ^{DS}	08/08/14	29/06/17	47.37	47,872
				<u>1,500,248</u>

DS – Dividend Shares

* 2/3 will vest on 02/01/17 and 1/3 will vest on the dealing day immediately following the announcement of CWC's preliminary results for FY16/17.

3.3 Directors' dealings

The following dealings in Ordinary Shares by the Directors have taken place during the period beginning 12 months preceding the date of this document and ending on the Latest Practicable Date:

<u>Name</u>	<u>Date</u>	<u>Nature of transaction</u>	<u>Number of Ordinary Shares</u>	<u>Price per Ordinary Share (p)</u>
Phil Bentley	2 January 2014	Purchase of shares	4,300,000	56.91
Simon Ball	10 January 2014	Purchase of shares (reinvestment of dividend)	6,029	56.83
Nick Cooper	20 January 2014	Release of awarded shares	642,666	0.00
Nick Cooper	20 January 2014	Sale of shares	304,525	55.43
Nick Cooper	29 May 2014	Award of shares under Deferred Bonus Plan	488,061	53.40
Phil Bentley	29 May 2014	Award of shares under Deferred Bonus Plan	265,968	53.40
Nick Cooper	2 June 2014	Release of awarded shares	378,180	0.00
Nick Cooper	2 June 2014	Sale of shares	181,685	51.44
Nick Cooper	6 June 2014	Release of awarded shares	2,111,057	0.00
Nick Cooper	17 June 2014	Sale of shares	1,039,905	51.52
Mark Hamlin	30 June 2014	Purchase of shares	35,000	49.64
Simon Ball	14 August 2014	Purchase of shares (reinvestment of dividend)	13,876	47.95
Simon Ball	7 November 2014	Purchase of shares	60,000	44.67
Phil Bentley	11 November 2014	Share subscription	700,000	45.00
Sir Richard Laphorne	11 November 2014	Share subscription	500,000	45.00
Perley McBride	11 November 2014	Share subscription	700,000	45.00
Mark Hamlin	11 November 2014	Share subscription	22,222	45.00

3.4 Other interests and dealings

As at the close of business on the Latest Practicable Date:

- (A) Save for rights in relation to the Consideration Shares and as disclosed in Section 3.5 below, the Principal Vendors and the Ultimate Controllers had no interests in or rights to subscribe for or had any short positions in relation to, any relevant CWC securities, nor had any Principal Vendor dealt in any relevant CWC security during the period beginning 12 months preceding the date of this document and ending on the Latest Practicable Date;
- (B) Save as disclosed in Section 3.5 below, none of the directors of the Principal Vendors (including any members of the directors' respective immediate families or related trusts) had an interest in or a right to subscribe for, or had any short position in relation to, any relevant CWC securities, nor had any such person dealt in any relevant CWC securities during the period beginning 12 months preceding the date of this document and ending on the Latest Practicable Date;
- (C) No person acting in concert with the Principal Vendors or the Ultimate Controllers (other than the Directors and their Close Relatives) had an interest in or a right to subscribe for, or had any short position in relation to, any relevant CWC securities, nor had any such person dealt in any relevant CWC securities during the period beginning 12 months preceding the date of this document and ending on the Latest Practicable Date;
- (D) None of the Principal Vendors, the Ultimate Controllers or any person acting in concert with them had borrowed or lent any relevant CWC securities, save for any borrowed shares which have been either on-lent or sold;
- (E) Neither CWC nor any of the Directors (including any members of the Directors' respective immediate families or related trusts) had an interest in or a right to subscribe for, or had any short position in relation to, any securities in the Principal Vendors;
- (F) Save as set out in Sections 3.1-3.3 above, none of the Directors, (including any members of the Directors' immediate families and related trusts) had any interest in or a right to subscribe for, or had any short position in relation to, any relevant CWC securities; and
- (G) No person acting in concert with CWC had an interest in or a right to subscribe for, or had any short position in relation to, any relevant CWC securities, nor had any such person or the Company borrowed or lent any relevant CWC securities, save for any borrowed shares which have been either on-lent or sold.

3.5 Principal Vendors' and Ultimate Controllers' dealings

The following dealings in Ordinary Shares by the Principal Vendors and Ultimate Controllers have taken place during the period beginning 12 months preceding the date of this document and ending on the Latest Practicable Date:

<u>Name</u>	<u>Date</u>	<u>Nature of transaction</u>	<u>Number of Ordinary Shares</u>
John Malone	27 May 2014	Sale of shares	589,768
John Malone	28 May 2014	Sale of shares	564,995
John Malone	29 May 2014	Sale of shares	488,545
John Malone	30 May 2014	Sale of shares	591,731
John Malone	2 June 2014	Sale of shares	500,460
John Malone	3 June 2014	Sale of shares	535,862
John Malone	4 June 2014	Sale of shares	709,927
John Malone	5 June 2014	Sale of shares	380,038
John Malone	6 June 2014	Sale of shares	475,719
John Malone	9 June 2014	Sale of shares	505,311
John Malone	10 June 2014	Sale of shares	622,823
John Malone	11 June 2014	Sale of shares	548,556
John Malone	12 June 2014	Sale of shares	6,573,965

4. Arrangements in connection with the Acquisition

Except for (i) arrangements, agreements and undertakings made under the Share Purchase Agreement as described in Part V (*Principal terms of the Share Purchase Agreement and related documentation*) and (ii) the letters of appointment for the Proposed Directors as set out in Section 6.2 of this Part VI (*Additional Information*) of the circular, none of the Principal Vendors, the Ultimate Controllers or any persons acting in concert with them have entered into any agreement, arrangement or understanding:

- (A) with any of the Directors (including any members of the Directors' respective immediate families, related trusts or connected persons), recent directors of CWC or New CWC, as appropriate, Shareholders or recent shareholders of CWC or New CWC, as appropriate, or any person interested or recently interested in Ordinary Shares, as appropriate, having any connection with or dependence upon the Acquisition or Completion thereof; or
- (B) for the transfer by the Principal Vendors of any Consideration Shares.

5. Details of Directors' service contracts

5.1 Chairman

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

5.2 Executive directors

Phil Bentley was appointed as Director and Chief Executive Officer of the Company on 1 January 2014 by a service contract dated 18 September 2013. The agreement can be terminated by either party by giving one year's notice or by the Company with no notice or less than full notice by paying a sum equivalent to his base salary and contractual benefits in lieu of the notice period or any unexpired part of it. The agreement includes a provision for Phil Bentley to serve notice and retire from the age of 60.

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

The service contracts of Phil Bentley and Nick Cooper provide that, in the event of a change of control of the Company, and a Director's employment being adversely changed, then a payment equal to base salary for the notice period and a time pro-rated annual bonus will be payable. For Phil Bentley all benefits will cease with the exception of life cover and medical insurance which will continue for a period of up to six months or earlier if a new job is commenced, and the Company will pay any costs associated with the early termination of housing and car rental leases in the US. The executive directors' service contracts do not provide for any other fixed payments other than the details provided in the directors' service agreements or amended terms of agreements. With the exception of what is set out above and any statutory entitlements that would be paid, the executive directors' service contracts contain no other provisions for compensation payable on early termination.

Perley McBride entered into a service agreement with Cable & Wireless Limited on 9 June 2014 appointing him as Chief Financial Officer and Executive Director of the Company as of 23 June and 26 June 2014 respectively. The agreement can be terminated by either party by one year's notice or by the Company with no notice or less than full notice by paying a sum equivalent to his base salary and contractual benefits in lieu of the notice period or any unexpired part of it. The service contract of Perley McBride provides that, in the event of a change of control of the Company, the Company may terminate the service agreement on one month's notice, though it will still need to pay a sum equivalent to his base salary and contractual benefits in lieu of the full year-long notice period or any unexpired part of it.

5.3 Non-executive directors

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

<u>Non-executive director</u>	<u>Date of appointment</u>	<u>Date of most recent letter of appointment</u>	<u>Notice period</u>
Simon Ball	25 January 2010	29 April 2013	1 month
Ian Tyler	1 January 2011	5 December 2013	1 month
Mark Hamlin	1 January 2012	14 December 2011	1 month
Alison Platt	1 June 2012	28 May 2012	1 month

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

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

5.4 Changes in service contracts

Save as set out in Section 5.2 above, no service contracts with the Directors have been entered into or amended by CWC or its subsidiaries within six months of the date of this circular.

6. Information on the Proposed Directors and the Principal Vendors

The Proposed Directors – John Risley, Brendan Paddick and Thad York – will be directors of the Acquiring Company from Completion.

The Principal Vendors comprise (i) CHBL and CHBI (jointly Clearwater), ultimately owned and controlled by John Risley, (ii) Brendan Paddick and (iii) CHLLC directly owned and controlled by John Malone.

6.1 Profiles of Proposed Directors, Principal Vendors and Ultimate Controllers

(A) Clearwater (Principal Vendors) and John Risley (Proposed Director and Ultimate Controller)

Clearwater:

CHBL and CHBI (jointly, Clearwater) are Principal Vendors who are selling Columbus shares and receiving cash and being issued Consideration Shares at Completion.

Each of CHBL and CHBI is a special purpose vehicle incorporated and existing under the laws of Barbados and ultimately owned and controlled by John Risley.

Save for the Share Purchase Agreement and related ancillary documentation, neither CHBL nor CHBI is a party to any material contracts of relevance to the Acquisition or to CWC.

Neither CHBL nor CHBI has any material business interests of relevance to the Acquisition or CWC other than as described above.

John Risley:

John Risley has been proposed by Clearwater to be a director of the Acquiring Company from Completion.

John Risley has been a member of Columbus' board of directors since 2004. Mr. Risley is a director and 40 per cent. indirect shareholder 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 Organization 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.

Mr. Risley is not a party to any material contracts, nor does he have any material business interests of relevance to the Acquisition or to CWC other than as described above.

(B) Brendan Paddick (Principal Vendor and Proposed Director)

Brendan Paddick is a Principal Vendor who is selling Columbus shares and receiving cash and being issued Consideration Shares at Completion.

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 president and 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. (jointly "Persona"). 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

Save for the Share Purchase Agreement and related ancillary documentation, Mr. Paddick is not a party to any material contracts of relevance to the Acquisition or to CWC.

Mr. Paddick does not have material business interests of relevance to the Acquisition or CWC other than as described above.

(C) CHLLC (Principal Vendor) and John Malone (Ultimate Controller)

CHLLC:

CHLLC is a Principal Vendor who is selling Columbus shares and being issued Consideration Shares at Completion.

CHLLC is a special purpose vehicle incorporated and existing under the laws of Colorado and directly owned and controlled by John Malone.

Save for the Share Purchase Agreement and related ancillary documentation, CHLLC is not a party to any material contracts of relevance to the Acquisition or to CWC.

CHLLC has no material business interests of relevance to the Acquisition or CWC other than as described above.

John Malone:

John 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.

Mr. Malone does not have any material contracts, nor material business interests, of relevance to the Acquisition or to CWC other than as described above.

(D) Thad York (Proposed Director)

Mr. York was proposed by CHLLC to be a director of the Acquiring Company from Completion. He is the President, General Manager, and Director of numerous geographically diverse and various personal business entities controlled by John C. Malone as further described under (C) above.

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.

6.2 Letters of appointment of Proposed Directors

The Proposed Directors will be non-executive directors, and therefore will not have service contracts with the Company, 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.

6.3 Intentions regarding the Enlarged Group

Pursuant to the terms of the Acquisition, all Consideration Shares held by each Principal Vendor are, subject to certain limited exceptions, to be voted on at all shareholder meetings in line with the board of directors of the Acquiring Company until the end of the Restricted Period, as further described in Section 2.2 of Part V (*Principal terms of the Share Purchase Agreement and other related documentation*) of this circular. The directors of the Acquiring Company from time to time, rather than any of the Principal Vendors or the Ultimate Controllers, will continue to determine the strategy of the Enlarged Group and the other matters referred to in this Section 6.3.

The existing strategy of the Enlarged Group's business is described further in paragraph 4 of Part I (*Letter from the Chairman of Cable & Wireless Communications Plc*), and none of the Directors or the Proposed Directors has any current plans to change that strategy following Completion.

The strategic and operational upsides of the Acquisition, which is in line with the existing strategy of the Enlarged Group, will be captured by the robust integration programme described in paragraph 6 of Part I (*Letter from the Chairman of Cable & Wireless Communications Plc*), which will begin after Completion and will aim to largely complete the integration of the organisation and operations of the Enlarged Group within a period of six months post-completion. As part of the integration, the Company will carry out a general assessment of the operations of the Enlarged Group, including the terms and conditions of employment used by the CWC Group and the Columbus Group, to determine whether any change to or rationalisation of employment conditions is appropriate. As noted in paragraph 5 of Part I (*Letter from the Chairman of Cable & Wireless Communications Plc*), the de-duplication of corporate costs and functional overheads includes costs savings of approximately USD25m from the rationalisation of overlapping back

office, sales and marketing and customer service roles across the Enlarged Group over the three financial years after Completion. Integration will seek to optimise the assets, management and locations of the Enlarged Group.

CWC Shares (or New CWC Shares, as the case may be) will continue to be listed on the Official List and traded on the London Stock Exchange's main market for listed securities after Completion.

7. Major interests in shares

Save as in respect of the interests of the Directors set out in Section 3 above and save as disclosed below, the Company is not aware of any person who directly or indirectly had, as at the Latest Practicable Date, a notifiable interest in the issued share capital of the Company under Chapter 5 of the Disclosure and Transparency Rules:

<u>Name of Shareholder</u>	<u>Number of issued shares held⁽¹⁾</u>	<u>Percentage of issued share capital⁽¹⁾</u>	<u>Percentage of issued share capital of the Enlarged Group⁽¹⁾</u>
Orbis Investment Management Limited	394,716,275	14.19	9.10
Gamco Investors, Inc.	165,409,680	5.95	3.81
Invesco Asset Management Ltd	139,872,700	5.03	3.22
Blackrock, Inc.	129,567,577	4.66	2.99
Newton Investment Management Limited	117,647,744	4.23	2.71

(1) This table details interests in CWC's voting rights which have been notified to CWC under Chapter 5 of the Disclosure and Transparency Rules as at the Latest Practicable Date. It assumes that 1,557,529,605 Ordinary Shares are issued to the Principal Vendors in connection with the Acquisition and that no further issue of Ordinary Shares occur between publication of this circular and Completion. In accordance with the City Code, the percentage share ownership is calculated by reference to shares outside treasury.

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

8. Related party transactions

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

- (A) during the financial year ended 31 March 2012, such transactions are disclosed in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002 in note 31 on page 108 of Annual Report 11/12 which is hereby incorporated by reference into this document;
- (B) during the financial year ended 31 March 2013, such transactions are disclosed in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002 in note 32 on page 122 of Annual Report 12/13 which is hereby incorporated by reference into this document; and
- (C) during the financial year ended 31 March 2014, such transactions are disclosed in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002 in note 5.6 on page 147 of Annual Report 13/14 which is hereby incorporated by reference into this document.

During the period from 31 March 2014 up to the Latest Practicable Date, the Company entered into the following related party transactions:

- (A) Sir Richard Laphorne subscribed for 500,000 shares at 45.00 pence per share in the Company on 11 November 2014. The dealings by Sir Richard Laphorne relate to his participation in the Placing announced by the Company on 6 November 2014.
- (B) Phil Bentley subscribed for 700,000 shares at 45.00 pence per share in the Company on 11 November 2014. The dealings by Phil Bentley relate to his participation in the Placing announced by the Company on 6 November 2014.
- (C) Mark Hamlin subscribed for 22,222 shares at 45.00 pence per share in the Company on 11 November 2014. The dealings by Mark Hamlin relate to his participation in the Placing announced by the Company on 6 November 2014.
- (D) Perley McBride subscribed for 700,000 shares at 45.00 pence per share in the Company on 11 November 2014. The dealings relate to his participation in the Placing announced by the Company on 6 November 2014.

(E) Certain funds managed by Orbis Investment Management Limited or its affiliates (“Orbis”) subscribed for 40,910,243 shares at 45.00 pence per share in the Company on 11 November 2014. The dealings by Orbis relate to its participation in the Placing announced by the Company on 6 November 2014.

9. Columbus management

<u>Executive</u>	<u>Age*</u>	<u>Position</u>
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

10. Material contacts

10.1 CWC material contracts

No contracts have been entered into (other than contracts entered into in the ordinary course of business) by any member of the CWC Group: (i) within the period of two years immediately preceding the date of this document which are or may be material to the CWC Group; or (ii) which contain any provisions under which any member of the CWC Group has any obligation or entitlement which is, or may be, material to the CWC Group as at the date of this document, save for (i) the Share Purchase Agreement; (ii) the CMC Disposal Agreement; (iii) the Macau Disposal Agreement; (iv) the Islands Disposal Agreement; and (v) as disclosed below:

Supply Agreement

Certain members of the CWC Group were party to an agreement with a supplier that sets forth minimum order commitments over a three-year term which expired in May 2014. The total amount of spending required to meet these minimum commitments under the agreement was material to the CWC Group. The CWC Group did not meet the minimum commitments. Following the expiry of the agreement, certain members of the CWC Group have entered into new agreements with the supplier. There are no commitments in the new agreements which would be material to the Enlarged Group.

Spectrum Agreement

On 30 October 2013 the CWC Group announced that Cable & Wireless Panama had secured long term access to several large blocks of radio spectrum which will enable the continued growth of mobile data services.

The 20-year mobile licence agreement, approved by the Cabinet Council of Panama, will run from 24 October 2017 to 24 October 2037. Under the agreement, the Panamanian Government will grant Cable & Wireless Panama an extension to the licence and access to the following radio spectrum for the sum of USD100 million (c.US40 cents per Megahertz (MHz) per head of population):

- Retained access to 25 MHz of the 850 MHz band
- Retained access to 10 MHz of the 1900 MHz band
- Additional 10 MHz of the 1900 MHz band
- 20 MHz of the country’s currently unused 700 MHz band, which will be opened up in 2014 and designated for use by mobile services.

Cable & Wireless Panama was granted access to the additional block of 1900 MHz spectrum immediately and also gained access to the 700 MHz spectrum, a lower level frequency ideal for the transmission of mobile data over long distances, in August 2014.

The cost of the spectrum was calculated by Panama's National Authority of Public Services (ASEP) based upon the price paid by mobile operators for the last blocks of mobile spectrum sold in Panama in 2008. The payment for the licence agreement was satisfied from existing cash resources.

Joint Venture and Shareholders' Agreements

Trinidad and Tobago agreement

The Telecommunications Services of Trinidad and Tobago Limited ("TSTT") is 49 per cent. owned by Cable and Wireless (West Indies) Limited and 51 per cent. owned by National Enterprises Limited. Cable and Wireless (West Indies) Limited may sell, charge or create a lien over its 49 per cent. shareholding after full payment, provided it maintains a minimum interest of 29 per cent. in the issued share capital of TSTT at any one time. This is conditional upon approval by National Enterprises Limited, which approval shall not be unreasonably withheld. Under this agreement, TSTT may not, without the approval of at least one director appointed by each of Cable and Wireless (West Indies) Limited and National Enterprises Limited, issue shares or other securities, pay dividends or make other distributions, alter its corporate documents or change the scope of its business, among other things. The agreement further provides that not less than 50 per cent. of net profits must be distributed to shareholders, provided that the distribution does not exceed net distributable profits of TSTT.

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

Panama agreement

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

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

The Bahamas agreement

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

default. Furthermore, in those circumstances where the CWC Group is permitted to sell its shares, the Government may exercise a tag-along right.

Pursuant to the shareholders' agreement, the Government of The Bahamas has the right to appoint directors to the Board of Directors of BTC. In addition, for so long as the Government of The Bahamas owns at least a 15 per cent. interest in BTC, BTC may not, without the Government's prior approval, undertake the following actions, among others: alter the governing documents of BTC, materially change the nature of business of BTC, incur debt in excess of 2.5 times EBITDA, sell material assets, enter into certain business transactions with the rest of the CWC Group, engage in redundancies (other than a pre-approved voluntary separation process) until April 2013 or increase fixed fees under a related service agreement with the Government of The Bahamas pursuant to which BTC provides services to it. Directors appointed by the CWC Group may not vote on certain decisions relating to the service agreement with the Government of The Bahamas. The shareholders' agreement also restricts the amount of dividends that may be distributed for the years ending 31 March 2012 and 31 March 2013 to 60 per cent. of after-tax profits (before exceptional charges and no-cash exceptional income).

The CWC Group also agreed not to compete with BTC during the duration of the shareholders' agreement and until two years after the earlier of the termination of the shareholders' agreement or the CWC Group ceasing to own any shares in BTC. Cable & Wireless (West Indies) Limited serves as a guarantor of the CWC Group's obligations under the shareholders' agreement and may not dispose of substantially all of its assets unless it procures a comparable guarantor as a substitute.

In January 2014, the CWC Group announced that it had reached an agreement with the Government of The Bahamas to establish the BTC Foundation, a charitable foundation dedicated to investing in projects for the benefit of Bahamians. The foundation was established on 10 June 2014. The BTC Foundation was funded through the contribution by the CWC Group of a 2 per cent. economic interest in BTC on 24 July 2014. The 2 per cent. shareholding is not entitled to any voting rights and therefore the CWC Group retains majority voting rights in BTC as well as remaining the largest overall shareholder. The CWC Group also maintains management and board control of the business, and as a consequence continues to consolidate BTC's financial results.

Contingent Funding Agreement

The Company and Sable International Finance Limited entered into a contingent funding agreement with the Superannuation Fund Trustee on 3 February 2010 (which was amended and restated on 10 January 2012) (as amended, the "Contingent Funding Agreement") to provide additional security with respect to the CWC Group's funding obligations with respect to the Cable and Wireless Superannuation Fund. The Contingent Funding Agreement entitles the Superannuation Fund Trustee to require the Company or Sable International Finance Limited to provide it with GBP100m of collateral in the form of letters of credit or a cash escrow arrangement upon the occurrence of certain events. These events include, but are not limited to, the breach by the CWC Group of certain financial covenants, the incurrence by the CWC Group of secured debt above an agreed level and the failure by the CWC Group to maintain available commitments under certain credit facilities of at least USD150m. Pursuant to the Contingent Funding Agreement, any such letters of credit or cash escrow arrangement would remain in place until the earlier of such time as, among other things, in the case of certain triggering events, the relevant triggering event is cured, or in the case of certain other triggering events, the end of the 12-month period ending 31 March or 30 September, respectively, during which the relevant triggering event is cured, or the Superannuation Fund Trustee has agreed to an earlier lapse or there is no longer a deficit in the Cable and Wireless Superannuation Fund. In addition, upon the occurrence of certain other default or insolvency-based events and provided that there is a deficit in the Cable and Wireless Superannuation Fund, the Superannuation Fund Trustee may draw on any such letters of credit or cash escrow arrangement to fund the deficit of the Cable and Wireless Superannuation Fund at such time and return any remaining balance to the Company or, if unable to make such a drawing, require the Company or Sable International Finance Limited, as the case may be, to make a cash contribution of an amount up to GBP100m to the Cable and Wireless Superannuation Fund to fund the deficit thereunder at such time.

Notes offering

On 26 January 2012, Sable International Finance Limited issued USD400m aggregate principal amount of 8¾ per cent. senior secured notes due 2020 (the "Offering"). The notes are guaranteed by the Company and certain of its subsidiaries.

Strategic alliance with Columbus

On 13 May 2013, the Company announced that it had entered into a strategic alliance with Columbus to develop its international wholesale capacity business. Under the alliance, the Company and Columbus have formed a joint venture in the Caribbean and Latin America region which provides international wholesale capacity to both companies, as well as to third party carriers. Columbus, through its wholly-owned subsidiary, Columbus Eastern Caribbean (Barbados) Inc., and the Company, through its wholly-owned subsidiary CWC WS Holdings Cayman Ltd, have entered into a shareholders' agreement governing the management and operation of the joint venture, CNL-CWC Networks Inc.

The joint venture is initially operating on an agency basis by providing joint sales and marketing services for each of the Company's and Columbus' international wholesale capacity services. Columbus has a 72.5 per cent. majority share in, and management control of, the joint venture and the Company has a 27.5 per cent. share with appropriate minority protections.

Columbus and the Company are both contributing their subsea and related assets into the joint venture company, subject to obtaining regulatory approvals and certain other conditions being met. Until then, Columbus and the Company will retain complete ownership and control of their respective existing networks in the region. Once the applicable approval requirements and conditions have been met, the joint venture will then assume ownership and management control of the international wholesale capacity operations of the Company and Columbus and all new investments in infrastructure will be made, and owned by it. However, if the Acquisition proceeds, CWC will migrate from the current approval process to seeking the necessary consents to complete the Acquisition and the consequent consolidation of the joint venture.

*Demerger-related Agreements*¹⁸

Separation agreement

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

The Separation Agreement contains certain customary indemnities in relation to incurred liabilities and reciprocal undertakings in relation to the release of guarantees and indemnities. As at 31 March 2014, the Company is no longer guaranteeing any of the Cable & Wireless Worldwide Group's liabilities and Cable & Wireless Worldwide Group is not providing any guarantees in respect of the Company's obligations.

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

Intellectual property arrangements

Prior to the Demerger, all rights held by the Cable & Wireless Worldwide Group and the CWC Group in the Cable & Wireless Trademarks were assigned to a UK joint venture company. Shares in the joint venture company are held 50 per cent. by Cable & Wireless Limited and 50 per cent. by Cable & Wireless UK Holdings Limited.

Cable & Wireless Limited was granted the Cable & Wireless Communications Licence in certain specified territories (the "Cable & Wireless Communications Territory") and a licence to use the Cable & Wireless Trademarks in certain other territories (the "Cable & Wireless Worldwide Licence"). Cable & Wireless Limited subsequently assigned the Cable & Wireless Communications Licence to CWC Communications Limited. The Cable & Wireless Worldwide Licence was subsequently transferred to Cable & Wireless Worldwide plc.

Under the Cable & Wireless Communications Licence, the CWC Group has been granted a licence to use and exploit (including by way of sub-licensing) the Cable & Wireless Trademarks in the Cable & Wireless Communications Territory, and the "Cable & Wireless Globe" logo and the acronym "CWC" globally. The

¹⁸ Vodafone Europe B.V., an indirect wholly owned subsidiary of Vodafone Group Plc, acquired the entire issued share capital of Cable & Wireless Worldwide plc under a scheme of arrangement which became effective on 27 July 2012.

CWC Group is also authorised to use and exploit the Cable & Wireless Trademarks outside of the Cable & Wireless Communications Territory for certain incidental uses, certain grandfathered use on existing materials and for restricted use directly related to the CWC Group's corporate headquarters and public listing in London and for marketing to investors and financiers. Additionally, in relation to the CWC Group's Carrier Business, it is licensed to use the Cable & Wireless Trademarks outside the Cable & Wireless Communications Territory in conjunction with a suffix indicating its country of origin to assist in the identification of the Carrier Business in the global marketplace. The Cable & Wireless Communications Licence is (save for certain similar global rights in relation to its Carrier Business and certain similar incidental and grandfathered rights granted to the Cable & Wireless Worldwide Group) exclusive in the Cable & Wireless Communications Territory.

Under the terms of the Cable & Wireless Communications Licence, the CWC Group is responsible, within the Cable & Wireless Communications Territory and, in relation to the "Cable & Wireless Globe" logo and the acronym "CWC" only, outside the Cable & Wireless Communications Territory, for prosecuting applications for registration and maintaining existing trademark registrations of the Cable & Wireless Trademarks at its own cost and has the right (at its own cost) to take action against third-party infringers of the Cable & Wireless Trademarks, the "Cable & Wireless Globe" logo and the acronym "CWC" within the Cable & Wireless Communications Territory. Under the terms of the Cable & Wireless Communications Licence, the licensor may only terminate the licence or any sub-licence under limited circumstances: (i) where either a member of the CWC Group or one of its sub-licensees directly or indirectly challenges the validity of any of the Cable & Wireless Trademarks; and (ii) if the CWC Group licensee is in material breach of the Cable & Wireless Communications Licence and either that breach is incapable of remedy or it has failed to remedy that breach within 90 days of receiving notice and, following implementation of an escalation procedure under the Cable & Wireless Communications Licence, the licensor may terminate the Cable & Wireless Communications Licence in its entirety or in relation to any country (but not otherwise in part). The CWC Group licensee may terminate the agreement: (i) on 120 days' written notice; or (ii) similarly for a breach by the licensor. Acts or omissions of (and therefore breaches by) sub-licensees are deemed to be acts or omissions of the CWC Group licensee. Aside from these specific termination provisions, the Cable & Wireless Communications Licence is perpetual and irrevocable.

Financing Agreements

The Company entered into the following commitment papers on 6 November 2014:

- (A) a commitment letter, with JPMorgan Chase Bank, N.A. and J.P. Morgan Securities LLC (the "**Financing Commitment Letter**");
- (B) an engagement letter, with J.P. Morgan Securities LLC (the "**Financing Engagement Letter**");
- (C) a fee letter, with JPMorgan Chase Bank, N.A. and J.P. Morgan Securities LLC (the "**Financing Fee Letter**"); and
- (D) a fee discount letter with J.P. Morgan Securities LLC (the "**Financing Fee Discount Letter**"),

together the "**Commitment Papers**". The Financing Commitment Papers are governed by the laws of the State of New York.

Pursuant to the Financing Commitment Letter, the Company has received a debt financing commitment in respect of the Secured Bridge, the Unsecured Bridge, the SIFL Backstop Bridge, the Columbus Backstop Bridge and the New RCF (the "New Financing Facilities"). The commitments within the Financing Commitment Letter are subject to no material adverse change (on the same terms as contained within the Share Purchase Agreement) having occurred, and limited additional customary conditions precedent. Term sheets in respect of each of the New Financing Facilities are annexed to the Financing Commitment Letter. Notably, the financial covenants which will be applicable under the full form documentation in respect of the New Financing Facilities are included in the Financing Commitment Letter. The terms sheets in respect of the New Financing Facilities will be used as the basis for full form documentation to be entered into by the Company, and the Company understands that the Financing Commitment Papers are enforceable obligations as a matter of New York law.

The Financing Engagement Letter sets out the terms on which the Company engages J.P. Morgan Securities LLC, and includes an indemnity in favour of, among others, J.P. Morgan Securities LLC and its affiliates; confidentiality provisions; detail in respect of certain fees; and other provisions governing the parties' ongoing relationship.

The Financing Fee Letter sets out the fees payable by the Company in respect of the New Financing Facilities and the Financing Commitment Papers. The Financing Fee Letter also contains a market flex

provision (which may not be used if a successful syndication has occurred) in respect of loans made under the Secured Bridge, the Unsecured Bridge and the SIFL Backstop Bridge, and a securities demand provision (which may only be exercised in a certain period) pursuant to which Columbus could be required to privately place debt securities in order to refinance the Columbus Backstop Bridge.

The Financing Fee Discount Letter provides for discounts on certain fees payable by the Company under the Financing Fee Letter in specified circumstances where it refinances or repays certain debt incurred pursuant to the terms of the Financing Commitment Letter within specified periods of time.

10.2 Columbus Material contracts

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

Columbus Bonds

In 2014, Columbus issued the Columbus Bonds. At the same time Columbus and certain of its subsidiaries, as guarantors, The Bank of New York Mellon, as trustee, and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg paying agent and transfer agent entered into an indenture governing the Columbus Bonds.

TeleBarbados agreement

In 2012, TeleBarbados secured a nationwide pole attachment agreement as well as a voice interconnection agreement with the local incumbent fixed-line telephone operator and both mobile operators.

Techvision agreement

Effective 1 April 2013, Columbus, through a wholly-owned subsidiary, purchased 100 per cent. of the issued and outstanding shares of Techvision Inc. (“Techvision”) including, indirectly, its subsidiaries Kelcom International (Antigua & Barbuda) Limited, Kelcom International Limited, Karib Cable Inc., and Bandsolve Inc. (collectively, “Karib Cable”) for cash consideration of USD54.8m that was paid at the closing, subject to a customary post-closing audit and possible price adjustment. The post-closing audit has recently 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 is to occur following either a negotiated settlement or by binding arbitration (which is in progress). Techvision provides telecommunication services in Antigua and Barbuda, St. Lucia, St. Vincent and the Grenadines, and Barbados.

Strategic alliance with CWC

On 13 May 2013, Columbus entered into a strategic alliance with CWC to develop its international wholesale capacity business. Further details are set out in Section 10.1 of this Part VI (*Additional information*).

Promitel/Lazus Colombia S.A.S. agreement

On 16 May 2014, Columbus acquired 100 per cent. of the issued and outstanding shares of Lazus Colombia S.A.S. (formerly known as Promitel) for cash consideration of USD146m, subject to adjustments. Lazus Colombia S.A.S., employing 191 telecom professionals and approximately 3,400 kilometres of fibre optic cable, provides local loop connectivity services in major centres in (i) Colombia (Bogota, Santa Marta, Baranquilla, Cartagena, Sincelejo, Montería, Bucaramanga, Cali and Popayán), (ii) San José, Costa Rica, and (iii) Panamá City, Panamá. For the year ended December 31, 2013, Promitel reported revenue under Colombian GAAP of USD33m and EBITDA of USD17m.

11. Litigation and other proceedings

11.1 CWC

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

(A) Claim from interconnection partner

A member of the CWC Group is the defendant to legal proceedings brought against it by an interconnection partner in Jamaica. The dispute relates to certain amounts claimed by the interconnection partner as due to them. The Company believes that all deductions made by it from amounts paid to the interconnection partner were validly made in accordance with determinations and orders issued by the relevant local regulator and is vigorously defending the proceedings. At first instance, the Company successfully defended certain of the claims brought by the interconnection partner, however, the court found in favour of the interconnection partner on certain other components. Both parties have appealed the first instance decision. If CWC loses its appeal, the amount of damages to be awarded to the interconnection partner in relation to the components the interconnection partner was successful on at first instance shall not exceed USD16 million.

(B) Claims for repayment of Australian withholding tax

On 12 November 2014, Cable & Wireless Australia and Pacific Holdings BV ("CWAP"), a subsidiary of CWC, submitted a notice of appeal to the Federal Court of Australia against an objection decision rendered by the Australian Tax Office (the "ATO"). The objection decision relates to a claim by CWAP for repayment of withholding tax paid by CWAP to the Australian tax authorities in connection with CWAP's disposal of its 52.5 per cent. shareholding in Cable & Wireless Optus Limited ("Optus") in September 2001. The share disposal was effected by way of a share buy back by Optus as part of a takeover of Optus by Singtel, and the consideration paid to CWAP for its shares in Optus was partly debited against Optus' share buy-back reserve.

CWAP submitted an application to the ATO on 9 May 2013 claiming that the consideration to CWAP debited against Optus' share buy-back reserve in 2001 was erroneously treated as a dividend instead of capital gains. CWAP therefore applied for repayment of withholding tax paid by CWAP on such consideration. On 26 May 2014, the ATO dismissed CWAP's claim for repayment of withholding tax, and so, in July 2014, CWAP submitted an objection to the ATO's dismissal. That objection was disallowed by the ATO on 24 October 2014 and on 12 November 2014. CWAP therefore submitted the abovementioned notice of appeal against the ATO's objection decision. There is no amount included in the accounts of CWC in respect of this claim. The amount of any withholding tax that may be repaid to CWC is uncertain.

11.2 Columbus

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

The Columbus Group is currently, and may from time to time be, involved in significant legal and administrative proceedings, as well as related private litigation. The Columbus Group makes provisions for these proceedings on a regular basis. The Columbus Group may become involved in significant legal proceedings in respect of which it is not possible to make a reliable estimate of the expected financial effect, if any, that could result from the ultimate resolution of the proceedings.

With respect to each of the legal proceedings described below, other than those for which a provision has been made, CWC is unable to make a reliable estimate of the expected financial effect at this stage.

The ultimate liability for legal claims may vary from the amounts provided and is dependent upon the outcome of litigation proceedings, investigations and possible settlement negotiations. The Columbus Group's position could change over time, and, therefore, there can be no assurance that any losses that result from the outcome of any legal proceedings will not exceed by a material amount the amount of the provisions reported in the Columbus' Group's financial accounts. If this were to happen, it could have a material adverse impact on the results of the operation of the Columbus Group in the reporting period in which the judgments are incurred or the settlement entered into.

(A) CMOTT Litigation

On 13 December 2009, Copyright Music Organization of Trinidad and Tobago (“CMOTT”) filed an injunction against Columbus Communications Trinidad trading as Flow (“CCTL”) restraining CCTL from doing certain acts in relation to the transmission of any of the musical works within CMOTT’s repertoire and damages for infringement of copyright. CMOTT’s claim is based on the fact that it is a collective agency in Trinidad and Tobago and is the exclusive licensee by which CCTL is authorised to transmit and retransmit musical works in CMOTT’s repertoire.

On 14 June 2011, by way of summary judgment, the judge ordered in favour of CMOTT and ordered, among other things, that there be an inquiry as to the damages (including statutory damages) for the infringement of copyright by the unauthorised transmission by CCTL of the musical works. On 26 July 2011, CCTL filed a Notice of Appeal challenging the judge’s ruling of 14 June 2011. An appeal hearing on the issue of liability is set for November 2014.

A pre-trial review on the issue of damages was held on 9 May 2013, and the issue was set for trial on 2, 3 and 4 April 2014. A revised settlement proposal has been sent to the claimant but no response has been received to date.

Based on discussions with Columbus, the Directors believe that CCTL is in a defensible position. CCTL is aware that monies are due and owing to a regulatory body. However, the identity of such body and the amount payable are yet to be identified and quantified. CCTL has a provision in its financial statements for an amount that it believes is sufficient to cover any monies due in relation to this claim. The carrying amount of the provision is not disclosed as CWC believes doing so could prejudice the position of the entity.

(B) AGI Arbitration

On 10 July 2009, Columbus instituted a claim for arbitration against Auto-Guadeloupe Investissement S.A. (“AGI”) arising from Columbus’ attempted acquisition of all of the outstanding shares of Global Caribbean Fiber S.A. (“Global Caribbean Fiber”) from AGI and Caribbean Fiber Holdings L.P. (“CFH”). AGI and CFH own 60 per cent. and 40 per cent., respectively, of the issued share capital of Global Caribbean Fiber, which owns and operates a fibre optic network in the Eastern Caribbean. In April 2009, Columbus signed a share purchase agreement to purchase Global Caribbean Fiber but AGI (which did not sign the agreement) subsequently repudiated the deal and has refused to close the sale. In July 2009, Columbus initiated an arbitration proceeding before the International Centre for Dispute Resolution of the American Arbitration Association, seeking specific performance of the purchase agreement as well as damages.

The arbitration hearing was bifurcated into liability and damages phases. The hearing on liability issues was held in June 2010. On 29 March 2011, the arbitrator granted a partial award on liability in Columbus’ favour, ruling that the parties had in fact entered into a binding commitment to complete the sale and purchase of Global Caribbean Fiber and that AGI had breached that legal commitment. The arbitrator denied Columbus’ request for specific performance of the contract, but ruled that further proceedings should commence on the quantum of damages that Columbus should be awarded for the harm caused by AGI’s breach. While the parties’ arbitration agreement specifies that the decision of the arbitrator would be final, binding, and not ordinarily subject to judicial review, AGI is nevertheless currently attempting to challenge the arbitrator’s award in various courts. Although AGI has attempted to delay and avoid a damages hearing through its collateral challenges in various jurisdictions, Columbus continue to pursue the arbitration with the aim of proceeding to a damages hearing in 2014, and also continues to oppose AGI’s challenges on the liability award in Columbus’ favour.

(C) Kelcom Arbitration

On 16 September 2013, Columbus TTNW Holdings Inc. (“Columbus TTNW”) instituted a claim for arbitration against Kelly Glass and Jankie Glass (the “Sellers”) in the International Chamber of Commerce International Court of Arbitration regarding a disagreement over adjustments to the purchase price under a share purchase agreement agreed to by the parties on 31 January 2013 (the “Techvision SPA”) in respect of the Company’s acquisition of Techvision.

Pursuant to the Techvision share purchase agreement, the Sellers agreed to sell to Columbus all of their interests in a group of related cable companies in St. Vincent and the Grenadines, St. Lucia and Antigua and Barbuda for a base price of USD62.5m, subject to adjustments to be determined on the

basis of a post-closing audit report, with any unresolved disagreements over the results of the audit to be resolved by way of arbitration. The post-closing audit report, prepared by Deloitte LLP, revealed austere adjustments based on the sellers having understated liabilities and overstated assets, Adjusted EBITDA, capital expenditures and reimbursements.

Columbus TTNW is seeking an order confirming the adjustments set out in the post-closing audit report, or alternatively a damages award for breach of contract and/or warranty and/or fraudulent or negligent misrepresentation in an amount equal to the adjustments in the post-closing audit report, and/or damages for misappropriation of assets and/or defalcation in contravention of the Techvision SPA in an amount to be assessed, and in the further alternative, an indemnity pursuant to the Techvision SPA for misrepresentations and breaches of warranty. The Sellers dispute the results of the post-closing audit report on the basis of incorrect calculations, flawed methodology and procedural bias on the part of the auditors, and further deny Columbus' various allegations and counterclaim for the amount of the Techvision SPA holdback and certain other amounts. The total amount in dispute has been partially quantified by the parties as approximately USD64m. The pleadings of the arbitration have closed, the three-member arbitral tribunal has been appointed and certain pre-hearing procedural matters have been completed, including terms of reference and a procedural timetable. The parties have been imposed deadlines for the exchange of memorials and document disclosure over the coming year and a week-long arbitral hearing has been scheduled to commence on 26 January 2015 in Miami, Florida, U.S.A.

(D) Berwick Litigation

On 30 December 2005, Leonard J. Berwick, Jeffrey D. Servin, Esq. and Osage Corp. d/b/a/ First City Communications Inc. (collectively, the "Berwick Plaintiffs") commenced a civil action in the United States District Court for the Eastern District of Pennsylvania (the "Pennsylvania Action") against, among others, New World Network International, Ltd. (currently in liquidation), New World Network USA, Inc. (now known as Columbus Networks USA, Inc.), Columbus Communications Limited and Barclays Bank.

The Berwick Plaintiffs purported to allege several state law claims arising out of their failed efforts to purchase Columbus Networks USA, Inc., including claims for defamation and tortious interference with prospective contractual relations. On 20 March 2006, Columbus Networks USA, Inc. and the other defendants moved to dismiss the Pennsylvania Action. On 4 April 2006, the Berwick Plaintiffs commenced a substantially identical action in the United States District Court for the Southern District of New York ("USDCSDNY") entitled *Berwick v. New World Network Int'l, Ltd.*, 06 CV 2641 (JGK) and, on 12 April 2006 voluntarily dismissed the Pennsylvania Action.

Save for the claims against New World Network International, Ltd. (which claims are stayed due to a chapter 15 bankruptcy case initiated in the United States Bankruptcy Court), USDCSDNY issued an order dismissing all of the Berwick Plaintiff's claims against the defendants for lack of personal jurisdiction. The Berwick Plaintiffs appealed the order of the USDCNY to the US Court of Appeals for the Second Circuit which appeal was dismissed on 27 March 2009. No further proceedings have been taken to date by the Berwick Plaintiffs to pursue any claims against NewWorld Network International, Ltd.

(E) CFH Put Agreement Arbitration

On 2 April 2013, CFH commenced arbitration proceedings against Columbus Caribbean Acquisitions Inc. ("CCA") and Columbus International Inc. ("CII") in the International Chamber of Commerce International Court of Arbitration as a result of a dispute arising from a share purchase agreement (the "TeleBarbados SPA") and a put agreement (the "Put Agreement") agreed to by CCA and CFH on 6 June 2012.

Pursuant to the TeleBarbados SPA, CCA agreed to purchase all of CFH's interest in the capital stock of a group of related companies collectively operated and known as the business TeleBarbados, a telecommunication operation in the Caribbean. Pursuant to the Put Agreement, CCA granted CFH a put right to also sell to CCA CFH's 40 per cent. interest in the capital stock of Global Caribbean Fiber (the "CGF Shares"), a joint venture company that operates a fibre optic network in the Caribbean, at a purchase price of USD24m. At the time the agreements were negotiated and executed, CCA was also negotiating with AGI, the majority and only other shareholder of GCF, for CCA to purchase all of AGI's interest in the capital stock of GCF as part of the resolution of the AGI Arbitration, so that CCA

would own 100 per cent. of the capital stock of GCF. Following the execution of the Put Agreement, CFH and AGI engaged in certain actions relating to the GCF Shares without CCA's concurrence or direct involvement, and against CCA's express opposition, which actions were inconsistent with and constituted breaches of the Put Agreement and resulted in material alterations of the transaction and anticipated opportunities and benefits for CCA originally contemplated and intended by the Put Agreement. As a result of the dispute which arose from the said actions, the purchase of the GCF Shares did not close pursuant to the Put Agreement.

CFH filed a Request for Arbitration seeking specific performance of the Put Agreement and the related TeleBarbados SPA provisions, requiring CCA to purchase the GCF Shares and pay to CFH a total of USD28m or alternatively seeking monetary damages measured by the difference in the purchase price and the fair market value of the GCF Shares at the time of the closing. Subsequent to filing its Request for Arbitration, CFH entered into an agreement to sell or otherwise dispose of the GCF Shares in favour of Digicel Investment Limited, which transaction has not closed to date. By way of reply and counterclaim, CCA is seeking to have CFH deliver the closing deliverables, including the GCF Shares, to CCA for the agreed purchase price pursuant to the Put Agreement, as well as economic damages and costs. The pleadings of the arbitration have closed, the three-member arbitral tribunal has been appointed and certain pre-hearing procedural matters have been completed, including terms of reference and a procedural timetable. Additionally, a pre-hearing motion was made by CII seeking a declaration that the arbitral tribunal is without jurisdiction with respect to CFH's claims against CII, which was heard on 9 January 2013 and which ruling is pending, and another pre-hearing motion will be made imminently by CCA seeking a prohibition on CFH from selling or otherwise disposing of the GCF Shares pending the final determination of the arbitration. The parties have been imposed deadlines for the exchange of memorials and document disclosure over the coming year and a week-long arbitral hearing commenced on 10 November 2014 in New York, New York, U.S.A.

(F) Trinidad and Tobago Tax Disputes

In 2006, Columbus' 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 it received notice that the BIR has rejected this objection; Columbus Trinidad intends to appeal this decision.

Based on discussions with Columbus, the Directors believe 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 the BIR will succeed and accordingly, no provision for any liability has been made.

In addition, in December 2013, Columbus Trinidad received a notice of assessment from the BIR with respect to an alleged failure to withhold tax on payments made by Columbus Trinidad in 2007 to non-residents of Trinidad and Tobago. Columbus Trinidad objected to the notice of assessment with respect to most of adjustment items cited in the BIR notice of assessment. Columbus believes that the BIR assessments that are the subject of Columbus Trinidad's objection are not in accordance with Trinidad and Tobago tax law. To date, no response has been received from the BIR to the objection filed in January 2014.

(G) Other Proceedings

Columbus are subject to several legal proceedings arising out of the regular course of their business, including legal proceedings before regulatory authorities and proceedings that may arise from acquisitions and other transactions they may consummate. Based on discussions with Columbus, CWC do not believe that any of these proceedings are material or will have a material effect on the Enlarged Group's business, financial condition or results of operations.

12. Significant changes

12.1 There has been no significant change in the financial or trading position of CWC since 30 September 2014, being the date to which the last unaudited interim accounts of CWC were prepared.

12.2 There has been no significant change in the financial or trading position of Columbus since 30 June 2014, being the date to which the unaudited interim financial information set out on Part III(C) (*Unaudited Interim Financial Information on Columbus*) of this document was prepared.

13. Working capital statement

CWC is of the opinion that, taking into account the bank facilities available to the Enlarged Group, the Enlarged Group has sufficient working capital for its present requirements, that is for the next 12 months from the date of this circular.

14. New Share Plans

If the Scheme becomes effective, New CWC will adopt the New Share Plans. The effect of the New Share Plans is summarised in this Section 14. In addition, in order for new issue CWC Shares to be used to satisfy awards under the Deferred Bonus Plan, shareholder approval of the Deferred Bonus Plan is being sought as further set out in Section 14.4 below.

14.1 New CWC Performance Share Plan (the “New PSP”)

(A) Operation

The Remuneration Committee of New CWC (the “Remuneration Committee”) will supervise the operation of the New PSP in respect of the executive Directors of the Company.

The New PSP may be operated in conjunction with any employee benefit trust established by New CWC. Awards under the New Share Plans (each a “PSP Award”) may be granted by New CWC or by the trustees of any such employee benefit trust.

(B) Eligibility

Employees (including executive directors) of New CWC and all companies which are under the control of New CWC or which are subsidiaries of New CWC (the “Group”) are eligible to participate in the New PSP. Actual participation will be determined by the Remuneration Committee.

(C) Form of PSP Awards

PSP Awards will normally be granted in the form of a contingent right to receive shares (“restricted share awards”), but may also be awarded in the form of conditional awards or nil-cost options. PSP Awards may also be granted or settled on a cash equivalent basis in circumstances where the taxation, legal or administrative implications of offering shares or share options make it impossible or undesirable to use them.

Nil-cost options will be exercisable during a period specified by the Remuneration Committee at the time of award. Initially, this will be from the vesting date until the fifth anniversary of the date of grant. No payment will be required for the grant of a PSP Award.

(D) Level of PSP Awards

The Remuneration Committee will set the level for individual PSP Awards from time to time by reference to local market practice up to a maximum limit of three times the relevant participant’s salary (or up to four times in exceptional circumstances, e.g. for the purposes of recruitment).

(E) Performance conditions

It is intended that performance conditions will always be attached to PSP Awards and performance will be measured over a minimum period of three years, except in the case of PSP Awards granted to facilitate recruitment or retention in exceptional circumstances.

The Remuneration Committee will determine the specific performance criteria to be applied to each PSP Award or award cycle under the New PSP, having regard to New CWC’s strategic priorities, shareholder expectations and market conditions prevailing at that time.

There will be no re-testing of performance, although the Remuneration Committee may vary a performance condition or performance period in exceptional circumstances. Performance conditions may also be varied if events happen which cause the Remuneration Committee to consider that the original performance conditions have ceased to be a fair measure of performance. Varied performance conditions must, in the opinion of the Remuneration Committee, not be materially easier or more difficult to satisfy than the original conditions were when they were first set.

(F) Vesting

PSP Awards will be subject to a restricted period of at least three years from the date of award. PSP Awards will vest on the third anniversary of the date of award (or other later vesting date specified at the date of award) to the extent that the performance condition has been met.

The participant will not be entitled to the legal or beneficial ownership of the shares awarded under nil-cost options or restricted share awards until vesting. In the case of conditional share awards, the participant will have a beneficial interest in shares held by an employee benefit trust established by New CWC, subject to equivalent vesting terms and restrictions until the vesting date.

On vesting or exercise of a PSP Award (as the case may be), the participant will be entitled to receive the vested Shares subject to the New CWC Articles, but free from restrictions other than any applicable dealing restrictions.

(G) Rights attaching to the shares

During the vesting period a participant will not be entitled to vote or receive dividends in connection with a nil-cost option or restricted share award. However, the Remuneration Committee may decide to award dividend equivalent supplements on the portion of the PSP Award that vests.

All shares allotted under the New PSP will otherwise carry the same rights as any other issued ordinary share capital in New CWC and application will be made, as required, for any newly issued shares to be listed by the UKLA and traded on the London Stock Exchange.

(H) Cessation of employment

PSP Awards will generally lapse immediately when a participant ceases employment. PSP Awards will not lapse in certain specified circumstances, including where the employment ceases because of death, injury, ill health, disability, redundancy, retirement (with employer consent) or because the employing company or business ceases to be within the Group or in other circumstances at the discretion of the Remuneration Committee. Vesting will usually be pro rata to the length of time that has elapsed between the date of award and the date of the relevant event; and, except in the case of death, performance will continue to be measured until the end of the performance period unless the Remuneration Committee determines otherwise.

(I) Change of control or winding-up

If there is a takeover of New CWC, a scheme of arrangement or similar other major corporate event, PSP Awards will only vest to the extent that any performance conditions have been met at the date of the event, as determined by the Remuneration Committee. In addition, PSP Awards will only vest pro rata to the length of time that has elapsed between the date of award and the date of the relevant event unless, in appropriate circumstances, the Remuneration Committee determines otherwise.

The early vesting of PSP Awards will not apply where a company acquires control of New CWC and following that acquisition the shareholders of New CWC immediately prior to the acquisition between them hold more than 50 per cent. of the issued share capital of the acquiring company, unless the Remuneration Committee decides that the foregoing vesting rules should apply.

(J) Variation of share capital

If there is a variation of the share capital of New CWC (including without limitation a capitalisation, rights issue, open offer, consolidation, sub-division, reduction of share capital, capital distribution, demerger or other event having a material impact on the value of the shares) the Remuneration Committee may make such adjustments to PSP Awards as it reasonably considers appropriate to reflect that variation.

(K) Amendments to the New PSP rules

The Remuneration Committee may at any time alter or add to any of the provisions of the New PSP (with the prior consent of the trustees of any employee benefit trust if they have made any PSP Awards). However, no amendment to the advantage of participants or eligible employees may be made to provisions relating to the key features of the New PSP without the prior approval of shareholders in general meeting unless the alteration or addition is minor and made to benefit the administration of the New PSP, is necessary or desirable in order to take account of a change or proposed change in legislation or to obtain or maintain favourable (or avoid unfavourable) tax, exchange control or regulatory treatment for New CWC, a member of the Group or any participant.

Key features are the class of persons eligible to participate in the New PSP, the limit on the value of PSP Awards to a participant; the rights attaching to a PSP Award; the provisions relating to adjustments in the event of a variation in New CWC's share capital; and the amendment provisions themselves.

(L) Employees outside the UK

The Remuneration Committee may amend or alter the provisions of the New PSP and the terms of PSP Awards as it considers necessary or desirable to take account of or mitigate or comply with laws or regulations of any jurisdiction, country or territory other than the United Kingdom. This may also be by way of a separate schedule or schedules to the main New PSP.

(M) Termination of the New PSP

PSP Awards may be made under the New PSP for a period of ten years commencing on the date the New PSP is approved by shareholders (unless the New PSP is terminated earlier). The termination of the New PSP will not affect any existing PSP Awards made under the New PSP.

(N) Limits on the issue of shares

The New PSP will be subject to the limits that:

- (i) no more than 10 per cent in aggregate of New CWC's ordinary share capital is to be issued or issuable under all the company's share plans in any ten-year period, taking into account any shares issued or issuable under such plans (but adjusted for cancellations); and
- (ii) no more than five per cent in aggregate of New CWC's ordinary share capital is to be issued or issuable under executive (discretionary) schemes in any ten-year period.

In calculating these limits, New CWC will take into account the number of shares which are considered to have been issued or transferred from treasury in respect of PSP Awards made by CWC to employees who worked in the CWC Group.

The Remuneration Committee will adopt appropriate policies to ensure that sufficient shares are available for the New PSP throughout the ten-year period, and that shares may be purchased in the market. The Remuneration Committee may use treasury shares for the purposes of the New Share Plans and transfers of such shares will count towards the limits referred to above for so long as it is a recommendation of the Association of British Insurers that they should do so.

Where PSP Awards are made over existing shares, these may be held in an employee benefit trust. The trust will also have the facility to subscribe for new shares within the limits referred to above.

(O) Benefits not pensionable

Any benefits received under the New PSP shall not form part of pensionable remuneration.

14.2 New CWC Restricted Share Plan (the "New RSP")

(A) Operation

The New CWC Board or a duly authorised committee will supervise the operation of the New RSP. The New RSP may be operated in conjunction with any employee benefit trust established by New CWC.

(B) Eligibility

Any employee (who is not a director of New CWC or within six months of his normal retirement date) of New CWC and all the companies which are under its control is eligible to participate in the New RSP. Actual participation will be determined by the New CWC Board.

(C) Form of RSP Awards

Awards under the New RSP ("RSP Awards") will take the form of a contingent right to receive shares or a stock appreciation right (a cash payment calculated by reference to the value of shares). RSP Awards will vest after a vesting period which will be determined by the grantor (i.e. New CWC or the trustee of an employee benefit trust) at the date of grant. No payment will be required for the grant of a RSP Award.

(D) Level of RSP Awards

The New CWC Board may at any time set a maximum level for the RSP Awards which may be made.

(E) Performance conditions

The grantor may grant RSP Awards subject to such objective and other performance conditions as it may in its absolute discretion think fit. The grantor will determine the specific performance criteria (if applicable) to be applied to each RSP Award or award cycle under the New RSP.

The grantor may with the consent of the Remuneration Committee vary or waive conditions in certain circumstances.

(F) Vesting

RSP Awards will vest in whole or in part on the date determined by the grantor at the date of grant and, if applicable, subject to the extent the performance conditions are satisfied. The participant will not be entitled to the legal or beneficial ownership of the shares subject to a RSP Award until vesting. On vesting of a RSP Award the participant will be entitled to receive the vested shares subject to the New CWC Articles but free from restrictions other than applicable dealing restrictions.

(G) Rights attaching to the shares

During the vesting period a participant will not be entitled to vote or receive dividends in connection with the RSP Award. However, the Remuneration Committee may decide to make a dividend award supplement on the portion of the RSP Award that vests. All shares allotted under the New RSP will otherwise carry the same rights as any other issued ordinary share capital in New CWC.

(H) Cessation of employment

Awards will generally lapse immediately when a participant ceases employment. However, RSP Awards will not lapse in certain specified circumstances including death, injury, ill health or disability in which case the RSP Award will vest in full. In addition, in circumstances of redundancy, retirement or because the employing company or business ceases to be within the group or in other circumstances at the discretion of the Remuneration Committee, RSP Awards will vest subject to the satisfaction of the performance conditions on a time pro rated basis or in accordance with such other formula as may have been prescribed at the date of grant.

(I) Change of control or winding-up

If there is a takeover of New CWC, a scheme of arrangement or similar other major corporate event, RSP Awards will vest to the extent any applicable performance conditions are satisfied as determined by the grantor and, if there are no such conditions, in full.

The early vesting of RSP Awards will not apply where a company acquires control of New CWC and following that acquisition the shareholders of New CWC immediately prior to the acquisition between them hold more than 50 per cent. of the issued share capital of the acquiring company unless the New CWC Board decides that the foregoing vesting rules should apply.

(J) Variation of share capital

The grantor with the consent of the Remuneration Committee may make such adjustments to RSP Awards as it reasonably considers appropriate to reflect that variation.

(K) Alterations

The New CWC Board may at any time alter or add to any of the provisions of the New RSP. No alteration or addition requiring the approval of the members of New CWC in general meeting shall be made without such approval having been received and no alteration or addition shall be made which would abrogate or adversely effect the subsisting rights of a participant unless it has been approved by participants holding 75 per cent. of the relevant RSP Awards or SAR rights or at a meeting of the relevant participants passed by not less than 75 per cent. of the attendees who vote.

(L) Termination

The New RSP will terminate 10 years after the date of its approval by the New CWC Board or at any earlier time by the passing of a resolution by the Board. The termination will not affect any existing RSP Awards made under the New RSP.

(M) Benefits not pensionable

Any benefits received under the New RSP shall not form part of pensionable remuneration.

14.3 New CWC Deferred Bonus Plan (“New DBP”)

(A) Operation

The New CWC Board or a duly authorised committee thereof will supervise the operation of the New DBP. The New DBP may be operated in conjunction with any employee benefit trust established by New CWC.

(B) Eligibility

All employees (including executive directors) of New CWC and all companies which are under the control of New CWC or which are subsidiaries of New CWC are eligible to participate in the New DBP. Actual participation will be determined by the New CWC Board.

(C) Form of New DBP Awards

Awards under the New DBP (“New DBP Awards”) will be granted in the form of shares subject to a condition that some or all of those shares may be forfeited in accordance with the rules of the New DBP. New DBP Awards will vest after a deferral period of usually one year. No payment will be required for the grant of a New DBP Award and no performance conditions will apply to awards.

(D) Vesting

New DBP Awards will vest on the expiry of the deferral period which is usually one year. The participant will then be entitled to the full legal and beneficial ownership of the shares subject to the New DBP Award.

(E) Cessation of employment

New DBP Awards shall lapse in circumstances where the participant is dismissed from employment by reason of wilful misconduct, gross negligence or a material breach of fiduciary duty. Otherwise the New DBP Award will continue if the individual ceases to be employed.

(F) Change of control or winding-up

If there is a takeover of New CWC, a scheme of arrangement or similar other major corporate event, awards will vest.

However, the early vesting of New DBP Awards will not apply where a company acquires control of New CWC and following that acquisition the shareholder of New CWC immediately prior to the acquisition between them hold more than 50 per cent. of the issued share capital of the acquiring company, unless the Remuneration Committee decides that the foregoing vesting rule should apply.

(G) Variation of share capital

New DBP Awards would be subject to any variation of share capital.

(H) Amendments to the New DBP rules

The Remuneration Committee may at any time alter or add to all or any of the provisions of the New DBP. However, no alteration requiring the approval of the members of New CWC in general meeting shall be made without such approval and no alteration shall be made which would adversely affect the subsisting rights of a participant unless in general terms it is approved by 75 per cent. of participants.

(I) Employees outside the UK

The Remuneration Committee may amend or alter the provisions of the New DBP and the terms of New DBP Awards in such manner as it considers necessary or desirable to take account of or mitigate or comply with laws or regulations of any jurisdiction, country or territory other than the United Kingdom.

(J) Termination of the New DBP

The New DBP shall terminate on the tenth anniversary of its approval by the New CWC Board. The termination of the New DBP will not affect any existing New DBP Awards made under it.

(K) Benefits not pensionable

Any benefits received under the New DBP shall not form part of pensionable remuneration.

(L) Limits on the issue of shares

The New DBP will be subject to the limits that:

- (i) no more than 10 per cent. in aggregate of New CWC's ordinary share capital is to be issued or issuable under all the company's share plans in any ten-year period, taking into account any shares issued or issuable under such plans (but adjusted for cancellations); and
- (ii) no more than five per cent. in aggregate of New CWC's ordinary share capital is to be issued or issuable under executive (discretionary) schemes in any ten-year period.

In calculating these limits, New CWC will take into account the number of shares which are considered to have been issued or transferred from treasury in respect of awards made by CWC to employees who worked in the CWC Group.

14.4 Deferred Bonus Plan

In order that new issue CWC Shares can be used to satisfy awards made under the Deferred Bonus Plan, shareholder approval of the Deferred Bonus Plan is being sought.

(A) Operation

The Board or a duly authorised committee thereof will supervise the operation of the Deferred Bonus Plan. The Deferred Bonus Plan may be operated in conjunction with any employee benefit trust established by CWC.

(B) Eligibility

All employees (including executive directors) of CWC and all companies which are under the control of CWC or which are subsidiaries of CWC are eligible to participate in the Deferred Bonus Plan. Actual participation will be determined by the Board.

(C) Form of DBP Awards

Awards under the Deferred Bonus Plan ("DBP Awards") will be granted in the form of shares subject to a condition that some or all of those shares may be forfeited in accordance with the rules of the Deferred Bonus Plan. DBP Awards will vest after a deferral period of usually one year. No payment will be required for the grant of a DBP Award and no performance conditions will apply to DBP Awards.

(D) Vesting

DBP Awards will vest on the expiry of the deferral period which is usually one year. The participant will then be entitled to the full legal and beneficial ownership of the shares subject to the DBP Award.

(E) Cessation of employment

DBP Awards shall lapse in circumstances where the participant is dismissed from employment by reason of wilful misconduct, gross negligence or a material breach of fiduciary duty. Otherwise the award will continue if the individual ceases to be employed.

(F) Change of control or Winding up

If there is a takeover of CWC, a scheme of arrangement or similar other major corporate event, DBP Awards will vest.

However, the early vesting of DBP Awards will not apply where a company acquires control of CWC and following that acquisition the shareholder of CWC immediately prior to the acquisition between them hold more than 50 per cent. of the issued share capital of the acquiring company, unless the Remuneration Committee decides that the foregoing vesting rule should apply.

(G) Variation of share capital

DBP Awards would be subject to any variation of share capital.

(H) Amendments to the Deferred Bonus Plan rules

The Remuneration Committee may at any time alter or add to all or any of the provisions of the Deferred Bonus Plan. However, no alteration requiring the approval of the members of CWC in general meeting shall be made without such approval and no alteration shall be made which would adversely affect the subsisting rights of a participant unless in general terms it is approved by 75 per cent. of participants.

(I) Employees outside the UK

The Remuneration Committee may amend or alter the provisions of the Deferred Bonus Plan and the terms of DBP Awards in such manner as it considers necessary or desirable to take account of or mitigate or comply with laws or regulations of any jurisdiction, country or territory other than the United Kingdom.

(J) Termination of the Deferred Bonus Plan

The Deferred Bonus Plan shall terminate on 18 May 2021. The termination of the Deferred Bonus Plan will not affect any existing DBP Awards made under it.

(K) Benefits not pensionable

Any benefits received under the Deferred Bonus Plan shall not form part of pensionable remuneration.

(L) Limits on the issue of shares

The DBP will be subject to the limits that:

- (i) no more than 10 per cent. in aggregate of CWC's ordinary share capital is to be issued or issuable under all the company's share plans in any ten-year period, taking into account any shares issued or issuable under such plans (but adjusted for cancellations); and
- (ii) no more than five per cent. in aggregate of CWC's ordinary share capital is to be issued or issuable under executive (discretionary) schemes in any ten-year period.

15. New CWC Articles

The New CWC Articles to be adopted prior to the Scheme Effective Date are available for inspection along with the current New CWC Articles at the address specified in Section 19 of this Part VI (*Additional Information*). New CWC's objects are unrestricted save to the extent otherwise provided in the New CWC Articles.

The New CWC Articles to be adopted prior to the Scheme Effective Date contain provisions, amongst others, to the following effect:

15.1 Rights and restrictions attaching to New CWC Shares

(A) New CWC ordinary shares

(i) General

Subject to applicable statutes and as long as it is not restricted by any rights attaching to existing shares, New CWC may issue New CWC ordinary shares with any rights and/or restrictions attaching to such shares. These rights and/or restrictions can be determined either by ordinary resolution passed by New CWC Shareholders or resolution of the New CWC Directors provided that there is no conflict. Subject to the foregoing, all New CWC ordinary shares shall have the rights attaching to the relevant class as set out in the New CWC Articles and shall rank equally with all other shares of the same class.

(ii) Dividends

New CWC Shareholders may by ordinary resolution declare dividends, from time to time, not exceeding the amount recommended by the New CWC Directors. Subject to applicable statutes, the New CWC Directors may pay interim, fixed rate or other dividends whenever the financial position of New CWC, in the opinion of the New CWC Directors, justifies any such payments. Provided that the New CWC Directors act in good faith, they will not be liable for any loss that New CWC Shareholders may suffer as a result of a lawful dividend being paid on other shares that rank equally with, or behind their shares.

Unless the rights attached to any shares, or the terms of any shares provide otherwise, all dividends shall be divided and paid in proportion to the amounts paid up on the shares during any period for which such dividend is paid. Dividends may be declared and paid in any currency, unless the rights attaching to any shares and/or the terms of any shares and/or the New CWC Articles provide otherwise. Unless the New CWC Directors otherwise determine in relation to any or all dividend payments, where a dividend is calculated in USD such dividend payment shall nevertheless be made in sterling except and to the extent that a New CWC Shareholder informs the company, in accordance with notification procedures put in place by the company, it wishes to receive payment in USD. The New CWC Directors can also decide how any costs relating to the choice of the currency will be met.

The New CWC Directors may, if authorised by ordinary resolution offer New CWC Shareholders the right to choose to receive extra shares, credited as fully paid, in place of some or all of their cash dividend (such a distribution is known as a 'scrip dividend').

If a New CWC Shareholder owes money on any shares of New CWC, the New CWC Directors may deduct all or part of money from any dividend or other money payable to the New CWC Shareholder on, or in respect of, any share of New CWC held by him. Money deducted in this way can be used to pay amounts owed to New CWC. No dividend or other sum payable by New CWC on, or in respect of, its shares carries a right to interest from New CWC.

Any dividend unclaimed after a period of 12 years from the date when it was declared, or the date on which it became due and payable, will be forfeited in favour of New CWC.

New CWC may cease to send dividend payments via post and may cease using any other method of payment (including payment through a relevant system) if, for a period of two consecutive dividends, the payments sent via post have been returned undelivered to New CWC or remain uncashed during the period for which such dividends are valid, or the payments by any other method have failed. New CWC will recommence sending any such dividend payments if requested to do so in writing by the relevant New CWC Shareholder or the person legally entitled to the shares.

(iii) Voting rights

Every New CWC Shareholder present in person or by proxy at a general meeting or class meeting, has one vote on a show of hands. On a poll, every New CWC Shareholder present in person or by proxy has one vote for every New CWC ordinary share held by him. This is subject to the New CWC Articles and to any rights or restrictions attaching to any class of shares in New CWC, or upon which any New CWC ordinary shares may be held at the relevant time. If more than one joint New CWC Shareholder votes (including voting by proxy), the only vote which will count is the vote of the person whose name appears first on the register of members of New CWC Shareholders.

(B) New CWC redeemable preference shares

(i) Dividends

Each holder of New CWC redeemable preference shares ("New CWC Redeemable Preference Shares") shall be entitled in priority to all other classes of shares in issue from time to time, to be paid out of profits of New CWC available for distribution, in cash, a cumulative fixed preferential dividend of 1 pence per annum for each New CWC Redeemable Preference Share payable on the last business day of July in each year (the "Preference Dividend")

(ii) Priority

On any return of capital on a winding up of New CWC (but not otherwise), each New CWC Redeemable Preference Share shall confer on the holder of that New CWC Redeemable Preference Share the right, before repayment of capital on any other class of share capital, to repayment of the nominal amount paid up on the New CWC Redeemable Preference Share, together with any accrued and unpaid Preference Dividend. The New CWC Redeemable Preference Shares shall not confer any further right to participate in the surplus assets of New CWC.

(iii) Voting Rights

The New CWC Redeemable Preference Shares shall carry no voting rights and a holder of a New CWC Redeemable Preference Share shall not, by virtue of his holding of that New CWC Redeemable Preference Share, have any right to receive notice of, attend, speak or vote at any general meeting of New CWC unless a resolution is to be proposed to wind up New CWC or a resolution is proposed which varies, modifies, alters or abrogates the rights attaching to the New CWC Redeemable Preference Shares.

(iv) Redemption

Subject to the provisions of applicable statutes, New CWC may redeem any New CWC Redeemable Preference Share in issue, at its nominal amount at any time specified by either the New CWC Directors or the holder of that New CWC Redeemable Preference Share. Subject to applicable statutes, any notice of redemption served shall specify the date fixed of its redemption, and upon such date the holder of the relevant New CWC Redeemable Preference Share, shall be bound to present the certificate in respect thereof in order that the same may be cancelled. Upon such delivery New CWC shall pay to such holder the amount due to him in respect of such redemption.

(C) Variation of rights

Subject to applicable statutes, the rights attached to any class of shares in New CWC may be changed or abrogated by special resolution passed at a separate meeting of the holders of the relevant class of shares. For the change or abrogation of the rights of the shares of part of any class of shares, such amendment may only be authorised by special resolution of each part of the class that is being treated differently.

(D) Transfer of shares

Any New CWC Shareholder in New CWC can transfer some or all of his certificated shares. A transfer of certificated shares must be made in writing and either in the usual standard form or in any other form approved by the New CWC Directors. Any New CWC Shareholder can transfer some or all of his uncertificated shares to another person. A transfer of uncertificated shares must be made by means of a relevant transfer system and must comply with the Uncertificated Securities Regulations 2001.

All transfers of shares in New CWC shall be executed in accordance with the following provisions:

- (i) a stock transfer form must be signed or made effective in some other way, by, or on behalf of, the person making the transfer;
- (ii) in the case of a transfer of a share held in certificated form where the share is not fully paid, the stock transfer form must also be signed or made effective in some other way by, or on behalf of, the person to whom the share is being transferred;
- (iii) the person making a transfer of any shares in New CWC will continue to be treated as a New CWC Shareholder until the name of the person to whom such share(s) are being transferred is put on the register for shares;
- (iv) if New CWC registers a transfer of a share held in certificated form, New CWC can keep the transfer form; and
- (v) a transfer form must be properly stamped where this is required.

15.2 General meetings

(A) Notice

The Companies Act provides that a general meeting (other than an adjourned meeting) must be called by at least 21 days' notice in the case of an annual general meeting and at least 14 days' notice in any

other case. Notice of a general meeting must be given in hard copy form, in electronic form, or by means of a website and must be sent to the auditors, every New CWC Director and every New CWC Shareholder of New CWC, with the exception of New CWC Shareholders who are not entitled to receive notice due to the provisions in the New CWC Articles or the terms of issue of their shares. The notice must state the time, date and the place of the meeting, and the general nature of the business to be dealt with. A notice calling an annual general meeting must state that the meeting is an annual general meeting. A New CWC Shareholder who attends any general meeting, either in person or by proxy, is considered to have received notice of that meeting and, if required, of the purpose for which that meeting was called.

(B) Quorum

A quorum of two people who are entitled to vote must be present before a general meeting can begin. These can be New CWC Shareholders who are personally present, or proxies for New CWC Shareholders, or a combination of both.

(C) Directors

Each New CWC director can attend and speak at any general meeting of New CWC. The chairman of a meeting may also allow any person to attend and speak where the chairman considers that this will help the business of the meeting.

(D) Voting

A resolution put to vote at any general meeting will be decided on a poll unless the chairman of the meeting decides, before the result of the poll is declared, that the resolution should be decided on a show of hands. A poll can be demanded by: (i) the chairman of the meeting; (ii) at least five New CWC Shareholders entitled to vote (or their proxies); (iii) one or more New CWC Shareholders who are entitled to vote (or their proxies) and who hold between them at least 10 per cent. of the total votes of all New CWC Shareholders who have the right to vote at the meeting; or (iv) one or more New CWC Shareholders holding shares allowing them (or their proxies) to vote at the meeting on which the total amount paid up is at least 10 per cent. of the total sum paid up on all shares giving their holders the right to vote at the meeting.

A New CWC Shareholder may vote in person or by proxy. A New CWC Shareholder may appoint more than one proxy to attend on the same occasion. A New CWC Shareholder entitled to more than one vote need not cast all of his votes or cast all of the votes that he uses in the same way. A New CWC Shareholder that is a company can appoint any person or persons it chooses to act as its representative, or representatives, at a New CWC Shareholders' meeting. Unless the New CWC Directors decide otherwise, a New CWC Shareholder cannot vote at any general meeting if he has not paid all amounts relating to his shares that are due at the time of the meeting. Where equal votes are cast at a general meeting, the chairman of the meeting shall not be entitled to an additional or casting vote.

(E) Allotment limit and reduction

There is no limit to the number of shares that may be allotted by New CWC. Subject to the legislation, New CWC Shareholders can by special resolution reduce its share capital, share premium account, capital redemption reserve or any other undistributable reserve.

15.3 Directors and Officers

(A) Number of Directors.

New CWC must have a minimum of five directors and a maximum of 20 directors (disregarding alternate directors), but these restrictions may be amended by ordinary resolution.

(B) Appointment of New CWC Directors.

Directors may be appointed by ordinary resolution or by the New CWC Board. A director appointed by the New CWC Board must retire from office at the first annual general meeting preceding his appointment, and he is then eligible for re-appointment. The New CWC Board, or any committee authorised by the New CWC Board, may appoint one or more New CWC Directors to any executive position, on such terms and for such period as they think fit, and may terminate or vary such an appointment at any time.

(C) Retirement of New CWC Directors by rotation.

At every annual general meeting of New CWC, any director who has been appointed by the New CWC Board since the last annual general meeting, any director who held office at the time of the two preceding annual general meetings in each case, who has not been elected or re-elected during that period, and who has not otherwise ceased to be a director and been re-elected by general meeting of New CWC, must retire by rotation. Any director who retires at an annual general meeting may be re-elected by the New CWC Shareholders.

(D) Removal of New CWC Directors by special resolution.

New CWC Shareholders may, by ordinary resolution, remove any director before the expiration of his period of office.

(E) Vacation of office.

Any New CWC Director will automatically stop being a director if:

- (i) he gives New CWC a written notice of resignation or offers to resign and the New CWC Board decide to accept this offer; or
- (ii) all the other New CWC Directors (who must comprise at least three people) pass a resolution or sign a written notice requiring the director to resign; or
- (iii) he is, or has been, suffering from mental ill health (as defined in the New CWC Articles) and the New CWC Directors pass a resolution removing him from office; or
- (iv) he has missed New CWC Board meetings for a continuous period of six months without permission from the New CWC Board and the New CWC Board pass a resolution removing him from office; or
- (v) a bankruptcy order is made against him or he makes any arrangement or composition with his creditors generally; or
- (vi) he is prohibited from being a director under applicable statutes; or
- (vii) he ceases to be a director under applicable statutes or is removed from office under the New CWC Articles.

If a New CWC Director ceases to be a director for any reason, he will also automatically cease to be a member of any committee or sub-committee of the New CWC Directors.

(F) Alternate directors.

Any New CWC director may appoint any person (including another director) to act as an alternate director. Such appointment requires the approval of the New CWC Board, unless it has been previously approved by the New CWC Board or unless the appointee is another director.

(G) Directors' meetings.

The New CWC Directors can decide the time and location of New CWC Directors' meetings and the manner in which they will be conducted. Notice of a New CWC Directors' meeting may be given personally, by word of mouth or in writing. They can also adjourn their meetings. A New CWC Directors' meeting may be called by any director or by the secretary. If no other quorum is fixed by the New CWC Directors, three New CWC Directors constitute a quorum. A New CWC Directors' meeting at which a quorum is present may exercise all the powers and discretions of the New CWC Directors. The New CWC Directors may appoint any director as chairman or as deputy chairman and may remove him from that office at any time. Matters to be passed at a New CWC Directors' meeting will be decided by a majority vote of the New CWC Directors. If votes are equal, the chairman of the meeting has a second, casting vote.

All or any of the New CWC Directors may take part in a meeting of the New CWC Directors by way of a conference telephone or by any communication equipment which allows everybody to take part in the meeting by being able to hear each of the other people at the meeting and by being able to speak to all of them at the same time. A person taking part in this way will be treated as being present at the meeting and will be entitled to vote and be counted in the quorum as if present in person at the meeting.

The New CWC Directors may delegate any of their powers or discretions (along with the power to sub-delegate) to committees of one or more persons, including one or more non-New CWC Directors. If a committee consists of more than one person, provisions in respect of procedures at New CWC Directors' meetings in the New CWC Articles apply to such committee meetings to the extent that they do not conflict with any regulations applicable to the relevant committee within the New CWC Articles.

(H) Fees and remuneration of New CWC Directors.

The New CWC Board, or any committee authorised by the New CWC Directors, will decide how much remuneration a director appointed to an executive office will receive (whether as salary, commission, profit share or any other form of remuneration) and whether this is in addition to, or in place of, his fees as a director. Fees paid to a director (excluding any payments made under any other provision of the New CWC Articles) must not exceed GBP2m a year, or any such higher sum authorised by ordinary resolution of the New CWC Shareholders. The New CWC Board, or any committee authorised by the New CWC Board, can give special pay to any director who, in their view, performs any special or extra services to New CWC.

New CWC may pay the reasonable travel, hotel and incidental expenses of each director incurred in attending and returning from general meetings, meetings of the New CWC Board or committees of the New CWC Board or any other meetings which, as a director, he is entitled to attend. New CWC will pay all other expenses properly and reasonably incurred by each director in connection with New CWC business or in the performance of his duties as a director.

(I) Pensions and gratuities for New CWC Directors.

The New CWC Board, or any committee authorised by the New CWC Board, can decide whether to provide pensions, annual payments, insurances, gratuities or other benefits to persons who are, or have been, New CWC Directors or employees of New CWC or any subsidiary undertaking acquired company or business. The New CWC Board, or any committee authorised by the New CWC Board, may extend such arrangements to any relation or dependant of such a person, including a present or former spouse. The New CWC Board may also decide to contribute to a scheme or fund or pay premiums to a third-party for these purposes.

A director or former director will not be accountable to New CWC, or the New CWC Shareholders, for any benefit provided pursuant to the above paragraph. Anyone receiving such a benefit will not be disqualified from being, or becoming, a director.

(J) Permitted interests of New CWC Directors.

If applicable statutes allow and provided the New CWC Director has disclosed the nature and extent of his interest to the other New CWC Directors, the New CWC Director may: (i) have any kind of interest in a contract with or involving New CWC; (ii) have any kind of interest in a contract with or involving another company in which New CWC has an interest; (iii) alone, or through some firm with which he is associated, do paid professional work for New CWC (other than as auditor); (iv) hold a position (other than as an auditor) in New CWC as well as being a director; and (v) have any kind of interest in a company in which New CWC has an interest (including holding a position in that company or being a shareholder of that company). A New CWC Director does not have to hand over to New CWC any benefit he receives as a result of (i) to (v) in this paragraph.

(K) Restrictions on voting.

A New CWC Director cannot vote or be counted in the quorum on a resolution relating to his appointment to a position with New CWC, to a company in which New CWC has an interest, or on a resolution concerning the terms or termination of the appointment.

Except as mentioned below, a New CWC Director cannot vote, or be counted in a quorum, in relation to, any resolution of the New CWC Board on any contract in which he has an interest which he knows to be material to the resolution. Interests purely as a result of an interest in New CWC Shares, debentures or other securities are disregarded. Such prohibitions shall not apply to:

- (i) a resolution concerning granting that director any security or any guarantee or indemnity for any money which he, or any other person, has lent at the request of, or for the benefit of, New CWC or any of its subsidiary undertakings;

- (ii) a resolution concerning granting that director any security or any guarantee or indemnity for any liability which he, or any other person, has incurred at the request of, or for the benefit of, New CWC or any of its subsidiary undertakings;
- (iii) a resolution concerning granting any security or any guarantee or indemnity to any other person for a debt or obligation which is owed by New CWC or any of its subsidiary undertakings to that other person, if the director has taken responsibility for some or all of that debt or obligation. The director can take this responsibility by giving a guarantee, indemnity or security;
- (iv) a resolution concerning a proposal or contract relating to an offer of any shares or debentures or other securities for subscription or purchase by New CWC or any of its subsidiary undertakings, if the director takes part because he is a holder of shares, debentures or other securities, or if he takes part in the underwriting or sub-underwriting of the offer;
- (v) a resolution concerning a contract involving any other company if the director (together with any person connected with the director), has an interest of any kind in that company (including an interest by holding any position in that company, or by being a New CWC Shareholder of that company). This does not apply if the director concerned knows that he owns 1 per cent. or more of that company;
- (vi) a resolution concerning a contract relating to an arrangement for the benefit of employees of New CWC or any of its subsidiary undertakings, which only gives the New CWC Directors concerned benefits that are also generally given to the employees to whom the arrangement relates;
- (vii) a resolution concerning a contract relating to any insurance which New CWC can buy or renew for the benefit of New CWC Directors or a group of people that includes New CWC Directors; or
- (viii) a resolution concerning a contract relating to a pension, superannuation or similar scheme, or a retirement, death or disability benefits scheme, or employees' share scheme, which gives the director benefits that are also generally given to the employees to whom the scheme relates.

(L) Borrowing powers.

The New CWC Articles require the New CWC Directors to limit total borrowings of New CWC and, so far as they are able, its subsidiary undertakings to ensure that the total amount of the group's borrowings (as defined in the New CWC Articles) does not exceed the greater of (i) three times the New CWC adjusted capital and reserves or (ii) USD3bn.

15.4 Disclosure of share ownership

Under the Companies Act, New CWC may send out notices to those it knows, or has reasonable cause to believe, have an interest in its shares, requesting the recipient to disclose details of their interest and extent of their interest in a particular holding of shares. The New CWC Articles include the following provisions:

- (A) persons to whom a statutory notice is sent have 14 days to respond. If there is no response within 14 days (or the response includes a false statement) New CWC may decide to restrict the rights of the relevant shares and serve a direction notice. The direction notice will state that the identified shares no longer give their holder, or any successor holder the right to attend or vote either personally, or by proxy, at a New CWC Shareholders' meeting, or to exercise any other right in relation to New CWC Shareholders' meetings;
- (B) where the default shares constitute 0.25 per cent. or more of the existing shares of their class, further restrictions may be imposed, namely, withholding all or part of a dividend or other money which would otherwise be payable in respect of the default shares and/or refusing to register transfers of any of the identified shares which are certificated shares;
- (C) any restrictions must be cancelled within seven days of the requested information being received;
- (D) any restrictions may also extend to any right to an allotment of further shares associated with the default shares; and
- (E) the relevant New CWC Shareholder may ask for an explanation of the restriction notice, in which case New CWC must respond within 14 days of receiving such request.

15.5 Arbitration, dispute resolution and jurisdiction

Disputes between (i) New CWC and a New CWC Shareholder or a New CWC Director, (ii) a New CWC Shareholder and New CWC' professional advisers, or (iii) New CWC and its professional advisers in

relation to any claim made in relation to (ii), shall be exclusively and finally resolved by arbitration in London. To the extent that the arbitration provisions contained in the New CWC Articles are invalid, or to the extent any derivative claim is brought under the Act, any proceeding, suit or action in relation to (i) to (iii) may only be brought in the courts of England and Wales. New CWC may enforce these provisions for the benefit of itself, its New CWC Directors, subsidiary undertakings or professional advisers.

16. Middle market quotations for Ordinary Shares

Below are set out the middle market quotations for an Ordinary Share as derived from the Daily Official List of the London Stock Exchange, for the first Business Days of each of the six months set out below and for the Latest Practicable Date:

<u>Date</u>	<u>Price per Ordinary Share (p)</u>
2 June 2014	52.50
1 July 2014	50.00
1 August 2014	47.69
1 September 2014	49.17
1 October 2014	46.45
3 November 2014	48.14
Latest Practicable Date	48.68

17. Consents

17.1 Evercore

Evercore has given, and has not withdrawn, its consent to the inclusion in this document of the references to its name in the form and context in which they are included and its report in Appendix C (*Report of Quantified Financial Benefits Statement*) to this document, in the form and context in which it appears.

17.2 EY

Ernst & Young LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales and has given, and not withdrawn, its written consent to the inclusion of its reports in Part III(A) (*Financial Information on Columbus*) and Appendix B (*Report on Quantified Financial Benefits Statement*) to this document, in the form and context in which they appear.

17.3 KPMG

KPMG LLP is a member firm of the Institute of Chartered Accountants in England and Wales and has given, and not withdrawn, its written consent to the inclusion of its report in Part IV (*Unaudited Pro Forma Financial Information for the Enlarged Group*) of this document, in the form and context in which it appears.

18. Information incorporated by reference

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

<u>Documents containing information incorporated by reference</u>	<u>Section in which the document is referred to</u>	<u>Where the information can be accessed by Shareholders</u>
CMC Disposal Circular	Part X (<i>Definitions</i>), definition of "CMC Disposal Agreement"	CWC's website, www.cwc.com
Macau Disposal Circular	Part X (<i>Definitions</i>), definition of "Macau Disposal Agreement"	CWC's website, www.cwc.com
Islands Disposal Circular	Part X (<i>Definitions</i>), definition of "Islands Disposal Agreement"	CWC's website, www.cwc.com
Annual Report 11/12	Part VI (<i>Additional Information</i>), Section 8.1(A)	CWC's website, www.cwc.com
Annual Report 12/13	Part VI (<i>Additional Information</i>), Section 8.1(B)	CWC's website, www.cwc.com
Annual Report 13/14	Part VI (<i>Additional Information</i>), Section 8.1(C)	CWC's website, www.cwc.com

A copy of each of the documents listed above has been filed with the FCA and is also available for inspection in accordance with Section 19 below.

The following financial information is available on CWC's website, www.cwc.com, and has been incorporated into this circular by reference thereto in compliance with Rule 24.15 of the City Code:

- (A) the audited consolidated accounts of CWC for the last two financial years; and
- (B) the interim results for CWC for the six months ended 30 September 2014.

Any Shareholder, person with information rights or other person to whom this document is sent may request a copy of this circular and each of the documents set out above in hard copy form. The person to whom this document is sent may also request that all future documents, announcements and information sent to that person in relation to the Whitewash Resolution should be in hard copy form. Hard copies will only be sent where valid requests are received from such persons. Requests for hard copies are to be submitted to The Company Secretary, by calling 020 7315 4000 if calling from the UK and 00 44 207 315 4000 if calling from overseas. Calls to this number are charged at national rate if made from inside the UK. Calls from outside the UK are chargeable at applicable international rates. Lines are open 9 a.m. (London time) to 5 p.m. (London time), Monday to Friday (with the exception of UK bank and public holidays). Requests can also be made in writing to The Company Secretary, 3rd Floor, 26 Red Lion Square, London WC1R 4HQ. All valid requests will be dealt with as soon as possible and hard copies mailed by no later than two Business Days following such request.

19. Documents available for inspection

Copies of the following documents are available for inspection during usual business hours on Monday to Friday of each week (public holidays excepted) at the Company's Registered Office, 3rd Floor, 26, Red Lion Square, London WC1R 4HQ and at the offices of Slaughter and May, One Bunhill Row, London EC1Y 8YY until close of business on the day of the Court Meeting and General Meeting and will also be available for inspection for 15 minutes before and during the Court Meeting and General Meeting:

- (A) CWC's memorandum and articles of association;
- (B) New CWC's current memorandum and articles of association;
- (C) New CWC's articles of association to be adopted prior to the Scheme Effective Date;
- (D) the New Share Plans;
- (E) the Deferred Bonus Plan;
- (F) the consent letters referred to in Section 17 of this Part VI (*Additional Information*);
- (G) the Annual Report 11/12, Annual Report 12/13 and Annual Report 13/14 for the years ended 31 March 2012, 31 March 2013 and 31 March 2014 respectively;
- (H) the CMC Disposal Circular;
- (I) the Macau Disposal Circular;
- (J) the Islands Disposal Circular;
- (K) the Share Purchase Agreement;
- (L) the Put Option Deeds;
- (M) voting undertakings of Orbis Investment Management Limited or its affiliates and Invesco Asset Management Limited; and
- (N) this circular.

Copies of the documents at (A), (B), (C), (F) and (N), the reports at Appendices B and C, and a copy of the transaction fee arrangement extracted from the Share Purchase Agreement are available for inspection on CWC's website, www.cwc.com.

PART VII

TAXATION

United Kingdom Taxation

1. General

The following statements summarise certain UK tax implications of the Scheme and the New CWC Reduction of Capital. They are based on current UK legislation and an understanding of current published practice of HMRC as at the date of this document. This Part VII (*Taxation*) is intended as a general guide and, except where express reference is made to the position of non-UK residents, applies only to Shareholders who are resident and, if individuals, domiciled in the UK for tax purposes. They relate only to such Shareholders who hold their existing CWC Shares, and who will hold their New CWC Shares, directly as an investment (other than in an individual savings account) and who are the absolute beneficial owners of those CWC Shares or New CWC Shares. This Part VII (*Taxation*) does not deal with certain types of Shareholder or New CWC Shareholder, such as persons who hold more than 5 per cent. of the share capital or voting rights of CWC or New CWC, persons who hold or who have acquired CWC Shares or New CWC Shares in the course of a trade or by reason of their (or another person's) employment, collective investment schemes and insurance companies.

If you are in any doubt as to your taxation position or if you are resident or otherwise subject to taxation in any jurisdiction other than the UK, you should consult an appropriate professional adviser immediately.

2. The Scheme

2.1 Taxation of income

The Scheme should not be treated as involving a distribution subject to UK tax as income.

2.2 Taxation of chargeable gains

It is expected that the Scheme will be a "scheme of reconstruction" for CGT purposes.

Accordingly, a Shareholder owning less than 5 per cent. of the share capital of CWC will not be treated as making a disposal of all or part of his or her holding of CWC Shares. Instead, "roll-over" treatment should apply which means that the New CWC Shares should be treated as the same asset as the CWC Shares and as having been acquired at the same time as those CWC Shares.

If a Shareholder alone or together with persons connected with him, holds more than 5 per cent. of the CWC Shares, such a Shareholder will be eligible for the "roll-over" treatment described above only if the Scheme is effected for bona fide commercial reasons and does not form part of a scheme or arrangement of which the main purpose, or one of the main purposes, is avoidance of liability to CGT or corporation tax. An application will be made to HMRC for clearance under section 138 Taxation of Chargeable Gains Act 1992 that HMRC is satisfied that the Scheme will be effected for bona fide commercial reasons and will not form part of such a scheme or arrangement.

2.3 "Transactions in securities" legislation

An application will be made to HMRC for clearance under section 701 of the Income Tax Act 2007 and section 748 of the Corporation Tax Act 2010 that Shareholders should not be subject to a counter-acting tax assessment in relation to the Scheme under the "transactions in securities" provisions of section 698 of the Income Tax Act 2007 (for income tax payers) or section 746 of the Corporation Tax Act 2010 (for corporation tax payers).

2.4 Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

No stamp duty or SDRT should be payable by Shareholders as a result of the cancellation of CWC Shares and the issue of New CWC Shares under the Scheme.

3. New CWC Reduction of Capital

The New CWC Reduction of Capital should not have any UK tax consequences for New CWC Shareholders. It should be treated as a reorganisation of the share capital of New CWC for the purposes of taxation of chargeable gains and, accordingly, should not result in a disposal by New CWC Shareholders of any of their New CWC Shares.

No stamp duty or SDRT will be payable by New CWC Shareholders as a result of the New CWC Reduction of Capital.

4. Dividends from New CWC Shares

4.1 Withholding taxes

New CWC will not be required to withhold UK tax at source from dividend payments it makes to New CWC Shareholders.

4.2 Individuals

An individual New CWC Shareholder who is resident for tax purposes in the UK and who receives a cash dividend from New CWC will generally be entitled to a tax credit equal to one-ninth of the amount of the cash dividend received, which tax credit will be equivalent to 10 per cent. of the aggregate of the dividend received and the tax credit (the gross dividend). Such an individual shareholder will be subject to income tax on the gross dividend. An individual UK resident New CWC Shareholder who is subject to income tax at a rate or rates not exceeding the basic rate will be liable to tax on the gross dividend at the rate of 10 per cent., so that the tax credit will satisfy the income tax liability of such a New CWC Shareholder in full. Where the tax credit exceeds the New CWC Shareholder's tax liability, the New CWC Shareholder cannot claim repayment of the tax credit from HMRC. An individual UK resident New CWC Shareholder who is subject to income tax at the higher rate will be liable to income tax on the gross dividend at the rate of 32.5 per cent. to the extent that such sum, when treated as the top slice of that New CWC Shareholder's income, exceeds the threshold for higher rate income tax. After setting off the 10 per cent. tax credit against part of the New CWC Shareholder's liability, a higher rate tax payer will therefore be liable to account for income tax equal to 22.5 per cent. of the gross dividend (or 25 per cent. of the net cash dividend), to the extent that the gross dividend exceeds the threshold for the higher rate.

An individual UK resident New CWC Shareholder liable to income tax at the additional rate will be subject to income tax on the gross dividend at the rate of 37.5 per cent. of the gross dividend, but will be able to set the UK tax credit off against part of this liability. The effect of this set-off of the UK tax credit is that such a New CWC Shareholder will be liable to account for additional tax equal to 27.5 per cent. of the gross dividend (or approximately 30.6 per cent. of the net cash dividend) to the extent that the gross dividend exceeds the threshold for the additional rate (subject to the changes discussed below).

4.3 Companies

New CWC Shareholders within the charge to UK corporation tax which are "small companies" for the purposes of Chapter 2 of Part 9A of the Corporation Tax Act 2009 will not be subject to UK corporation tax on any dividend received from New CWC provided certain conditions are met (including an anti-avoidance condition).

Other New CWC Shareholders within the charge to UK corporation tax will not be subject to UK corporation tax on dividends received from New CWC so long as the dividends fall within an exempt class and certain conditions are met. For example, dividends paid on shares that are "ordinary shares" and are not "redeemable" (as those terms are used in Chapter 3 of Part 9A of the Corporation Tax Act 2009), and dividends paid to a company holding less than 10 per cent. of the issued share capital of New CWC, should generally fall within an exempt class. However, the exemptions are not comprehensive and are subject to anti-avoidance rules.

If the conditions for exemption are not met or cease to be satisfied, or such a New CWC Shareholder elects for an otherwise exempt dividend to be taxable, the New CWC Shareholder will be subject to UK corporation tax on dividends received from New CWC, at the rate of corporation tax applicable to that New CWC Shareholder (currently 21 per cent. for companies paying the full rate of corporation tax for accounting periods beginning on or after 1 April 2014).

4.4 No payment of tax credit

Individual UK resident New CWC Shareholders who are not liable to UK income tax in respect of the gross dividends, and other UK resident tax payers who are not liable to UK tax on dividends, including UK pension funds and charities, will not be entitled to claim repayment of the tax credit attaching to any dividends paid by New CWC.

4.5 Non-UK resident New CWC Shareholders

New CWC Shareholders who are resident outside the UK for tax purposes will not generally be able to claim repayment from HMRC of any part of the tax credit attaching to dividends received from New CWC, although this will depend on the existence and terms of any double taxation convention between the UK and the country in which such New CWC Shareholder is resident.

Where a non-UK resident New CWC Shareholder carries on a trade, profession or vocation in the UK and the dividends are a receipt of that trade or, in the case of corporation tax, the New CWC Shares are held by or for a UK permanent establishment through which a trade is carried on, the New CWC Shareholder may be liable to UK tax on dividends paid by New CWC. In such cases, there will be no entitlement to repayment of the tax credit attaching to the dividends. Such New CWC Shareholders should consult their own tax advisers regarding their tax position.

A New CWC Shareholder resident outside the UK may also be subject to taxation on dividend income under local law. A New CWC Shareholder who is not solely resident in the UK for tax purposes should consult his own tax advisers concerning his tax liabilities (in the UK and any other country) on dividends received from New CWC, whether he is entitled to claim any part of the tax credit and, if so, the procedure for doing so, and whether any double taxation relief is due in any country in which he is subject to tax.

5. Disposal of New CWC Shares

5.1 General

A disposal or deemed disposal of New CWC Shares by a New CWC Shareholder who is (at any time in the relevant UK tax year) resident in the UK for tax purposes may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of capital gains, depending upon the New CWC Shareholder's circumstances and subject to any available exemption or relief.

5.2 UK resident individual Shareholders

For an individual New CWC Shareholder within the charge to UK capital gains tax, a disposal (or deemed disposal) of New CWC Shares may give rise to a chargeable gain or an allowable loss for the purposes of capital gains tax. The rate of capital gains tax is 18 per cent. for individuals who are subject to income tax at the basic rate and 28 per cent. for individuals who are subject to income tax at the higher or additional rates.

An individual New CWC Shareholder is entitled to realise an exempt amount of gains (currently GBP11,000) in each tax year without being liable to capital gains tax.

5.3 UK resident corporate Shareholders

For a corporate New CWC Shareholder within the charge to UK corporation tax, a disposal (or deemed disposal) of New CWC Shares may give rise to a chargeable gain or an allowable loss for the purposes of UK corporation tax. An indexation allowance on the cost of acquiring the New CWC Shares may be available to reduce the amount of the chargeable gain which would otherwise arise on the disposal.

5.4 Non-UK resident Shareholders

A New CWC Shareholder (individual or corporate) who is not resident in the UK for tax purposes is generally not subject to UK capital gains tax.

However, if such a New CWC Shareholder carries on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a non-UK resident corporate New CWC Shareholder, a permanent establishment) to which the New CWC Shares are attributable, the New CWC Shareholder will be subject to the same rules that apply to UK resident New CWC Shareholders.

An individual New CWC Shareholder who is resident outside the UK only temporarily may, under anti-avoidance legislation, still be liable to CGT in respect of disposals made during that period of temporary non-residence.

6. Stamp duty and SDRT on transfers of New CWC Shares

6.1 General

Stamp duty at the rate of 0.5 per cent. (rounded up to the next multiple of GBP5) of the amount or value of the consideration given will generally be payable on an instrument transferring New CWC Shares. An exemption from stamp duty is available on an instrument transferring New CWC Shares where the amount or value of the consideration is GBP1,000 or less and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the consideration exceeds GBP1,000.

A charge to SDRT will also generally arise on an unconditional agreement to transfer New CWC Shares (at the rate of 0.5 per cent. of the amount or value of the consideration payable). However, if within six years of the date of the agreement (or, if the agreement is conditional, the date on which it becomes unconditional) an instrument of transfer is executed pursuant to the agreement, and stamp duty is paid on that instrument, any SDRT already paid will generally be refunded, provided that a claim for payment is made, and any outstanding liability to SDRT will be cancelled. The purchaser or transferee of the New CWC Shares will generally be responsible for paying such stamp duty or SDRT.

6.2 New CWC Shares held through CREST

Paperless transfers of New CWC Shares within CREST will generally be liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. Generally no stamp duty or SDRT will arise on a deposit of New CWC Shares into the CREST system unless such a transfer is made for a consideration in money or money's worth, in which case a liability to SDRT will arise usually at a rate of 0.5 per cent. of the amount or value of the consideration for the New CWC Shares.

6.3 Depositary receipt systems and clearance services

Under current UK legislation, where New CWC Shares are issued or transferred (i) to, or to a nominee for, a person whose business is or includes the provision of clearance services or (ii) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts, stamp duty or SDRT will generally be payable at the higher rate of 1.5 per cent. of the amount or value of the consideration payable or, in certain circumstances, the value of the New CWC Shares (rounded up to the next multiple of GBP5 in the case of stamp duty).

There is an exception from the 1.5 per cent. charge on the transfer to, or to a nominee or agent for, a clearance service where the clearance service has made and maintained an appropriate election which has been approved by HMRC. In these circumstances, the normal rates of stamp duty and SDRT (rather than the higher rate regime referred to above) will generally apply to any issue or transfer of New CWC Shares into the clearance service and to any transactions in New CWC Shares held within the clearance service.

Any liability for stamp duty or SDRT in respect of a transfer into a clearance service or depositary receipt system, or in respect of a transfer of New CWC Shares held within such a service or system, will strictly be payable by the operator of the clearance service or depositary receipt system or its nominee, as the case may be, but in practice will generally be reimbursed by participants in the clearance service or depositary receipt system.

Following a recent judicial decision, HMRC has confirmed that it will no longer seek to apply the 1.5 per cent. SDRT charge when shares are first issued into a clearance service or depositary receipt system within the European Union. The application of the 1.5 per cent. charge may also be affected in other circumstances. Accordingly, specific professional advice should be sought before paying the 1.5 per cent. stamp duty or SDRT charge in any circumstances.

PART VIII

EXPLANATORY STATEMENT

(in compliance with section 897 of the Companies Act)

Evercore Partners International LLP

15 Stanhope Gate
London
W1K 1LN

19 November 2014

To Shareholders and, for information only, to participants in the CWC Share Plans

Dear Sir/Madam,

Recommended proposals relating to the combination of the CWC Group and the Columbus Group to be effected by means of a scheme of arrangement

1. Introduction

On 6 November 2014, CWC announced the proposed acquisition of the Columbus Group by the CWC Group. If the Scheme is required to implement the Acquisition, the combination of the CWC Group and the Columbus Group will be effected in part by New CWC, a newly incorporated company, acquiring CWC by means of a scheme of arrangement under sections 895 to 899 of the Companies Act.

We have been authorised by the Directors to write to you to explain the terms of the proposals relating to the Scheme, and to provide you with other relevant information.

Application will be made for the New CWC Shares to be admitted to the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities and, upon listing, to be included in the FTSE's UK Index Series.

Implementation of the Scheme is subject to various conditions, including the sanction of the Court and the approval of Shareholders of the Court Resolution and the Scheme Resolutions at the Court Meeting and the General Meeting respectively. The full text of the Scheme is set out in Part IX (*Scheme of Arrangement*) of this circular. The full text of each of the Court Resolution and the Scheme Resolutions to be proposed at the Court Meeting and the General Meeting is set out in Part XI (*Notice of Court Meeting*) and Part XII (*Notice of General Meeting*), respectively, of this circular.

Your attention is drawn to Part I (*Letter from the Chairman of Cable & Wireless Communications Plc*) of this circular, which forms part of this Explanatory Statement and contains, among other things, the background to and the reasons for the proposed acquisition of the Columbus Group, and a summary of the principal terms of the Acquisition and the Scheme. The Chairman's letter states that the Directors have received financial advice from Evercore in respect of the Acquisition and the Scheme. In providing advice to the Directors, Evercore has taken into account the commercial assessments of the Directors. The Chairman's letter also states that the Directors consider the terms of the Acquisition and the Scheme to be in the best interests of CWC and the Shareholders as a whole and unanimously recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting and, if required, the Court Meeting.

Your attention is also drawn to the information in the other Parts of this circular, which also form part of this Explanatory Statement. Shareholders should read the whole of this circular before deciding whether or not to vote in favour of the Acquisition and the Scheme.

A description of the action to be taken by Shareholders in relation to the Court Meeting and the General Meeting is set out in paragraph 18 of Part I (*Letter from the Chairman of Cable & Wireless Communications Plc*) and in Section 14 of this Part VIII (*Explanatory Statement*).

2. Summary of the Scheme

2.1 The Scheme

The principal steps involved in the Scheme are as follows:

(A) Cancellation of Scheme Shares

Under the terms of the Scheme, if the Scheme becomes effective, the Scheme Shares will be cancelled on the Scheme Effective Date, and in consideration for this cancellation, the Scheme Shareholders will receive, in respect of any Scheme Shares held as at the Scheme Record Time (6 p.m. (London time) on the Scheme Record Date):

for each Scheme Share one New CWC Share

On the Scheme becoming effective, the rights attaching to the New CWC Shares will be the same as those attaching to the CWC Shares.

(B) Establishing New CWC as the new holding company of the CWC Group

Following the cancellation of the Scheme Shares, the credit arising in the books of CWC as a result of the cancellation will be applied in paying up in full at par new shares in CWC (the “New Ordinary Shares”) such that the aggregate nominal value of those New Ordinary Shares equals the aggregate nominal value of the CWC Shares cancelled. The New Ordinary Shares in CWC will be issued to New CWC which will, as a result, become the holding company of CWC and the CWC Group.

At the General Meeting, Shareholders will be asked to authorise the issue and allotment to New CWC and/or its nominee of two CWC Deferred Shares in CWC. This forms part of the special resolution, numbered 7, in the notice of General Meeting. The CWC Deferred Shares will be subscribed for by New CWC and/or its nominee(s) for a subscription price of GBP1.00 each payable in cash. By acquiring the CWC Deferred Shares prior to the Scheme Effective Date, there will be no requirement under section 593 of the Companies Act for an independent valuation of the New Ordinary Shares to be allotted to New CWC under the Scheme.

(C) Amendments to CWC’s Articles

Further CWC Shares may have to be allotted before the Scheme comes into effect (for example because of the exercise of rights granted by CWC under the CWC Share Plans). In some cases, the precise timing of their allotment could leave them outside the scope of the Scheme. In order to ensure that this does not occur, it is proposed that CWC’s Articles be amended in such a way as to ensure that any CWC Shares which are issued after CWC’s Articles are amended but prior to confirmation of the reduction of the Scheme Shares provided for under the Scheme will be allotted and issued subject to the terms of the Scheme and that the holders of such shares will be bound by the Scheme accordingly.

It is also possible that CWC Shares may have to be allotted after the Scheme has come into effect. In order to deal with this it is proposed that, as a matter supplemental to and separate from the Scheme, CWC’s Articles be amended in such a way as to ensure that:

- (i) any CWC Shares which are allotted otherwise than to New CWC (or to a nominee of New CWC) after the confirmation of the reduction of the Scheme Shares provided for under the Scheme will be acquired by New CWC in exchange for the issue of New CWC Shares to the allottees; and
- (ii) in the event that any CWC Shares are allotted to any person within (i) above following any reorganisation of the share capital of either CWC or New CWC, the number of New CWC Shares to be issued to that person will be adjusted in an appropriate manner.

In this way, the allottees in question will receive New CWC Shares instead of CWC Shares.

Shareholders will be asked to approve the amendments to CWC’s Articles described above at the General Meeting. This forms part of the special resolution, numbered 7, in the notice of General Meeting.

(D) Change of name

It is intended that New CWC will change its name to Cable & Wireless Communications Plc on the Scheme Effective Date and that at the same time CWC will change its name to Cable & Wireless

Communications Group Plc. The holding company of the Enlarged Group (i.e. New CWC) will therefore have the name Cable & Wireless Communications Plc. Prior to the Scheme Effective Date, the change of name of New CWC to Cable & Wireless Communications Plc will be approved by the board of New CWC in accordance with New CWC's Articles. That approval will be conditional upon the Scheme becoming effective.

2.2 New CWC Reduction of Capital

The Scheme will be followed by a reduction of capital of New CWC. The New CWC Reduction of Capital will involve the reduction of New CWC's share capital by decreasing the nominal amount of each New CWC Share in issue from USD0.60 to USD0.05. This will create a distributable reserve of an equal amount to the reduction. Assuming New CWC has sufficient financial resources, this reserve will be available for future dividend payments and share repurchases at the discretion of the directors of New CWC.

The necessary resolution for New CWC to implement the New CWC Reduction of Capital will be approved by the present voting members of the New CWC (i.e. prior to the Shareholders becoming members of New CWC pursuant to the Scheme). That approval is conditional upon the Scheme becoming effective and therefore conditional upon the confirmatory approval of those matters necessary to implement the Scheme being sought as part of the special resolution, numbered 7, to be proposed at the General Meeting. The New CWC Reduction of Capital will also require the confirmation of the Court.

3. Conditions to and implementation of the Scheme

3.1 The Scheme

The implementation of the Scheme is conditional upon:

- (A) the Scheme having been approved by a majority in number, representing not less than 75 per cent. in value, of those Shareholders present and voting, either in person or by proxy, at the Court Meeting;
- (B) the special resolution to approve certain matters to give effect to the Scheme contained in the notice of the General Meeting having been duly passed at the General Meeting by a majority of not less than 75 per cent. of the votes cast;
- (C) the Scheme having been sanctioned by the Court and the CWC Reduction of Capital having been confirmed by the Court, which occurs as a result of the cancellation of CWC Shares as part of the Scheme; and
- (D) a copy of the order of the Court sanctioning the Scheme and confirming the CWC Reduction of Capital under the Scheme having been delivered to the Registrar of Companies for registration and the order and relevant minute having been registered by him.

The Court Hearing (at which it is proposed that the Court sanction the Scheme) is expected to be held in Q1 2015. Shareholders or creditors of CWC who wish to oppose the Scheme will be informed by advert in a newspaper with national distribution in the United Kingdom of their rights to appear in person, or be represented by Counsel, at the Court Hearing.

In addition, the Directors will not take the necessary steps to implement the Scheme until shortly prior to Completion of the Acquisition.

The Scheme is not conditional upon the Acquisition.

If the Scheme is sanctioned by the Court and the other conditions to the Scheme have been satisfied or waived, the Scheme is expected to become effective in Q1 2015. An announcement confirming the expected dates in respect of the Scheme and the Acquisition, as well as the introduction of the New CWC Shares, will be made in due course.

If the Scheme has not become effective by 30 April 2015 (or such later date as the Court may allow), it will lapse, in which event the Scheme will not proceed and Shareholders will remain Shareholders and CWC Shares will continue to be listed on the premium segment of the Official List and traded on the London Stock Exchange's main market for listed securities.

The Scheme contains a provision for CWC and New CWC to consent jointly on behalf of all persons concerned to any modification of or addition to the Scheme, or to any condition which the Court may think fit to approve or impose. CWC has been advised by its legal advisers that the Court would be unlikely to approve or impose any modification of, or addition or condition to, the Scheme which might be material to

the interests of Shareholders unless such holders were informed of any such modification, addition or condition. It will be a matter for the Court to decide, in its discretion, whether or not a further meeting of Shareholders should be held in this circumstance. If the Court does approve or impose a modification of, or addition or condition to, the Scheme which, in the opinion of the Directors, is such as to require the consent of the Shareholders, the Directors will not take the necessary steps to enable the Scheme to become effective unless and until such consent is obtained.

The full text of the Scheme and of the resolutions to be proposed at the Court Meeting and General Meeting are set out in Part IX (*Scheme of Arrangement*), Part XI (*Notice of Court Meeting*) and Part XII (*Notice of General Meeting*), respectively, of this circular.

3.2 New CWC Reduction of Capital

The New CWC Reduction of Capital is conditional upon:

- (A) the Scheme becoming effective and being fully implemented;
- (B) the New CWC Reduction of Capital having been confirmed by the Court; and
- (C) a copy of the order of the Court confirming the New CWC Reduction of Capital having been delivered to the Registrar of Companies for registration and the registration of the order by him.

The Court Hearing to confirm the New CWC Reduction of Capital is expected to be held on the Business Day immediately following the Scheme Effective Date. Shareholders will have the right to attend the Court Hearing to support or oppose the New CWC Reduction of Capital and to appear in person, or to be represented by Counsel, at the Court Hearing.

The New CWC Reduction of Capital is expected to become effective on the Business Day immediately following the Scheme Effective Date.

4. Effect of the Scheme

The effect of implementation of the Scheme will be as follows:

- (A) instead of having its ordinary share capital owned by Shareholders, CWC will become a subsidiary of New CWC;
- (B) instead of owning a given number of CWC Shares, each Shareholder will own the same number of New CWC Shares; and
- (C) New CWC will own all the business of the CWC Group.

Separate from and subsequent to the Scheme, the proportions of New CWC Shares which come to be held by Scheme Shareholders may nevertheless be affected by (a) any CWC Shares which are caught by the amendments being proposed to CWC's Articles described in Section 2.1(C) above, (b) the future exercise of options under the New Share Plans, (c) the issue of New CWC Shares as part of the consideration for the Acquisition, and (d) the issue of New CWC Shares to fund the acquisition of Consideration Shares pursuant to the Put Option Deeds.

CWC Shares will be cancelled once the Scheme becomes effective. Delisting of CWC Shares is expected to take place at 8 a.m. on the Business Day following the Scheme Effective Date.

5. Taxation

Your attention is drawn to the general description of certain United Kingdom tax consequences in respect of the Scheme relevant to Shareholders who are resident (and, in the case of individuals, domiciled) in the United Kingdom for tax purposes set out in Part VII (*Taxation*) of this circular.

The summary is intended as a guide only and Shareholders who are in doubt about their tax position are strongly advised to contact an appropriate professional, independent adviser immediately.

6. Articles of association of New CWC

The New CWC Articles to be adopted prior to the Scheme Effective Date will be substantially the same as CWC's Articles. Further information on the New CWC Articles to be adopted prior to the Scheme Effective Date are set out in Section 15 of Part VI (*Additional Information*) of this circular.

A complete copy of the New CWC Articles to be adopted prior to the Scheme Effective Date is available for inspection as detailed in Section 19 of Part VI (*Additional Information*) of this circular.

7. Directors' and other interests

All the directors of CWC will be appointed directors of New CWC prior to the Scheme Effective Date. The effect of the Scheme on the interests of the Directors does not differ from its effect on the like interests of other persons.

On the Scheme becoming effective, assuming that no further CWC Shares have been purchased or issued after the Latest Practicable Date, certain Directors will have the following beneficial interests in New CWC Shares by virtue of the effect of the Scheme on their CWC Shares:

	<u>As at 17 November 2014⁽¹⁾</u>		<u>At the Scheme Effective Date⁽¹⁾⁽³⁾</u>	
	<u>Number of CWC Shares</u>	<u>Per cent. of issued share capital</u>	<u>Number of New CWC Shares</u>	<u>Per cent. of issued share capital</u>
Sir Richard Laphorne	9,000,000	0.32	9,000,000	0.32
Phil Bentley	5,265,968 ⁽²⁾	0.19	5,265,968 ⁽²⁾	0.19
Nick Cooper	2,558,646 ⁽²⁾	0.09	2,558,646 ⁽²⁾	0.09
Ralph Perley McBride	700,000	0.03	700,000	0.03
Simon Ball	504,348	0.02	504,348	0.02
Alison Platt	23,764	<0.01	23,764	<0.01
Ian Tyler	4,000	<0.01	4,000	<0.01
Mark Hamlin	122,222	<0.01	122,222	<0.01
Total	18,178,948	0.654	18,178,948	0.654

⁽¹⁾ Figures are calculated assuming that the interests in CWC of the Directors as at close of business on 17 November 2014 do not change and that no further issues of Ordinary Shares occur between publication of this circular and the Scheme Effective Date. In accordance with the City Code, percentage ownership is calculated by reference to shares in issue outside treasury.

⁽²⁾ Interests in shares stated include 265,968 CWC Shares (New CWC Shares after the Scheme becomes effective) awarded to Phil Bentley and 488,061 CWC Shares (New CWC Shares after the Scheme becomes effective) awarded to Nick Cooper under the Deferred Bonus Plan as of the Latest Practicable Date. Each of Phil Bentley and Nick Cooper hold beneficial title to such shares but the shares are subject to claw back provisions until at least 29 May 2015.

⁽³⁾ The Consideration Shares are not issued until after the Scheme Effective Date, so are not included in these share capital calculations.

As at the Latest Practicable Date the following Directors had the following outstanding awards over Existing Shares under the Performance Share Plan:

<u>Name and scheme*</u>	<u>Award Date</u>	<u>Vesting Date</u>	<u>Market price on date of award of Ordinary Shares (p)</u>	<u>Shares under award at 17 November 2014</u>
Executive Directors				
Nick Cooper				
Performance Shares	14/01/13	13/01/16	37.72	1,812,761
Performance Shares ^{DS}	11/08/13	13/01/16	40.08	79,489
Performance Shares ^{DS}	11/01/14	13/01/16	56.50	26,164
Performance Shares ^{DS}	08/08/14	13/01/16	47.37	59,751
Performance Shares	30/05/13	29/05/16	43.89	1,267,462
Performance Shares ^{DS}	11/08/13	29/05/16	40.08	55,577
Performance Shares ^{DS}	11/01/14	29/05/16	56.50	18,294
Performance Shares ^{DS}	08/08/14	29/05/16	47.37	41,777
				<u>3,361,275</u>
Phil Bentley				
Performance Shares	02/01/14	*	62.85	4,288,011
Performance Shares ^{DS}	11/01/14	*	56.50	61,891
Performance Shares ^{DS}	08/08/14	*	47.37	141,340
Performance Shares	29/05/14	28/05/17	54.57	2,932,013
Performance Shares ^{DS}	08/08/14	28/05/17	47.37	96,644
				<u>7,519,899</u>
Perley McBride				
Performance Shares	30/06/14	29/06/17	48.68	1,452,376
Performance Shares ^{DS}	08/08/14	29/06/17	47.37	47,872
				<u>1,500,248</u>

DS – Dividend Shares

* $\frac{2}{3}$ will vest on 02/01/17 and $\frac{1}{3}$ will vest on the dealing day immediately following the announcement of CWC's preliminary results for FY 16/17.

After the Scheme Effective Date, the Directors will receive their remuneration from New CWC and total emoluments receivable by each of those Directors will not be varied as a result of the Scheme.

8. Employee share plans

The implications of the Scheme on the CWC Share Plans are set out in Section 14 of Part VI (*Additional Information*). Details of the New Share Plans that will be adopted by New CWC if the Scheme becomes effective are also set out in Section 14 of Part VI (*Additional Information*).

9. Overseas Shareholders

This circular does not constitute an offer or invitation to purchase or subscribe for any securities or the solicitation of an offer or invitation to purchase or subscribe for any securities. None of the securities referred to in this circular shall be sold, issued, exchanged or transferred in any jurisdiction in contravention of applicable law.

Overseas Shareholders may be affected by the laws of other jurisdictions in relation to the Scheme. Overseas Shareholders should inform themselves about and observe all applicable legal requirements. It is the responsibility of any person into whose possession this circular comes to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection with the allotment and issue of New CWC Shares following the Scheme becoming effective, including the obtaining of any governmental consents which may be required and/or compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes or levies due in such jurisdiction. No action has been taken by CWC or New CWC to obtain any approval, authorisation or exemption to permit the allotment or issue of New CWC Shares or the possession or distribution of this circular (or any other publicity material relating to the New CWC Shares) in any jurisdiction, other than in the United Kingdom.

Overseas Shareholders should consult their own legal and tax advisers with respect to the legal and tax consequences of the Scheme and in particular their circumstances.

If, in respect of any Overseas Shareholder, CWC or New CWC is advised that the allotment and issue of New CWC Shares would or might infringe the laws of any jurisdiction outside the United Kingdom or would or might require CWC or New CWC to obtain any governmental or other consent or effect any registration, filing or other formality with which, in the opinion of CWC or New CWC, it would be unable to comply or which CWC or New CWC regards as unduly onerous, CWC or New CWC may determine that no New CWC Shares shall be allotted and issued to such Overseas Shareholder but instead those New CWC Shares shall be allotted and issued to a nominee appointed by New CWC as trustee for such shareholder, on terms that they shall be sold on behalf of such Overseas Shareholder as soon as reasonably practicable after the Scheme becomes effective, with the net proceeds of sale being remitted to the Overseas Shareholder concerned at the risk of such Overseas Shareholder. Alternatively, New CWC may determine that the New CWC Shares shall be issued to the Overseas Shareholder and sold, with the net proceeds of sale being remitted to the Overseas Shareholder at the Overseas Shareholder's risk.

The New CWC Shares to be issued pursuant to the Scheme have not been, and will not be, registered under the US Securities Act. The New CWC Shares will be issued pursuant to the Scheme in reliance on the exemption from the registration requirements of the US Securities Act provided by section 3(a)(10) of that act. For the purpose of qualifying for this exemption, CWC will advise the Court that it will rely on the section 3(a)(10) exemption based on the Court's sanctioning of the Scheme following a hearing on its fairness to Scheme Shareholders. All Scheme Shareholders are being notified of this hearing and are entitled to attend in person or be represented by counsel to support or oppose the sanctioning of the Scheme.

The New CWC Shares will not be registered under the securities laws of any state of the United States and will be issued pursuant to the Scheme in reliance on an available exemption from such state law registration requirements or the pre-emption of such requirements by the US Securities Act.

10. Listing, dealings, share certificates and settlement

Prior to the Scheme Effective Date, application will be made to the UKLA for the listing of the CWC Shares to be cancelled, to the London Stock Exchange for the CWC Shares to cease to be admitted to trading on the London Stock Exchange's main market for listed securities on the Business Day immediately following the Scheme Effective Date. Accordingly, the last day of dealing in CWC Shares is expected to be the Scheme Effective Date. The last time for the registration of transfers of CWC Shares is expected to be 6 p.m. (London time) on the Scheme Record Date.

Application will be made to the UKLA for the New CWC Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange for the New CWC Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that the New CWC Shares will be issued and the introduction will become effective and dealings will commence on the Business Day immediately following the Scheme Effective Date.

These dates may be deferred if it is necessary to adjourn any meetings required to approve the arrangements described in this document or if there is any delay in obtaining the Court's sanction of the Scheme. In the event of a delay, the application for the CWC Shares to be delisted will be deferred, so that the listing will not be cancelled until immediately before the Scheme takes effect.

On the Scheme Effective Date, share certificates in respect of CWC Shares will cease to be valid and binding in respect of such holdings. Share certificates for the New CWC Shares are expected to be despatched to UK holders of New CWC Shares within five Business Days after the Scheme Effective Date. Pending despatch of share certificates, instruments of transfer of the New CWC Shares will be certified by the Registrar against the New CWC register of members. In the case of joint holders, certificates will be despatched to the joint holder whose name appears first in the register. All certificates will be sent by first-class post in the UK or, where appropriate, by airmail at the risk of the person entitled thereto.

CWC Shares held in uncertificated form will be disabled in CREST at the Scheme Record Time. New CWC Shares will be credited to stock accounts in CREST at 8 a.m. (London time) on the Business Day immediately following the Scheme Effective Date. New CWC reserves the right to issue New CWC Shares to any or all Shareholders in certificated form, if for any reason, it wishes to do so.

All mandates in force at the Scheme Record Time relating to the payment of dividends on CWC Shares and all instructions then in force relating to notices and other communications will, unless and until varied or revoked, be deemed from the Scheme Effective Date to be valid and effective mandates or instructions to New CWC in relation to the corresponding holding of New CWC Shares.

11. Shareholder meetings

The Scheme will require the approval of Shareholders at the Court Meeting, convened by order of the Court, and the passing by Shareholders of the Scheme Resolutions specified in the notice of the General Meeting. Both meetings have been convened for 5 December 2014 and will be held at Hilton Hotel Paddington, 146 Praed Street, London W2 1EE.

Notices of the Court Meeting and General Meeting are set out in Part XI (*Notice of Court meeting*) and Part XII (*Notice of General Meeting*) respectively of this circular.

11.1 Court Meeting

At the Court Meeting, you will be asked to approve the Scheme. The statutory majority required to approve the Scheme at the Court Meeting is a majority in number of those Shareholders who are present and vote in person or by proxy, and those voting in favour must also represent 75 per cent. or more in value of the CWC Shares that are voted.

11.2 General Meeting

At the General Meeting you will be asked to approve:

- (A) subject to the Scheme being approved at the Court Meeting, a special resolution approving matters necessary to give effect to the Scheme, including (i) the CWC Reduction of Capital, (ii) the establishment of New CWC as the new holding company of the CWC Group, and (iii) certain ancillary matters including amendments to the CWC's Articles and authorisation of the allotment of shares pursuant to the Scheme;
- (B) an ordinary resolution approving the adoption by New CWC of the New Share Plans;
- (C) the Whitewash Resolution.

Please see the notice of the General Meeting in Part XII (*Notice of General Meeting*) of this document for the full text of the GM Resolutions to be proposed at the General Meeting. Shareholders are asked to vote on all Resolutions and not just the resolutions which relate to the Scheme.

The resolutions referred to above will be determined by a poll and not a show of hands. The majority required for the passing of the special resolution is not less than 75 per cent. of the votes cast. Only a simple majority is required for passing the ordinary resolution. The Whitewash Resolution will be passed if more than 50 per cent. of the votes cast by the Independent Shareholders are in favour of the resolution. On a poll each Shareholder present in person or by proxy will have one vote for each CWC Share held.

The Company announced on 6 November 2014 that certain funds managed by Orbis Investment Management Limited or its affiliates and Invesco Asset Management Limited, which together held, at the date of the announcement, 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.

In addition, Directors of CWC holding Ordinary Shares in the Company have irrevocably committed to vote in favour of the Resolutions. In accordance with the requirements of the City Code, the Directors (and their Close Relatives) will not be voting on their interests in CWC Shares in respect of the Whitewash Resolution.

12. Authorities relating to New CWC

Authority to undertake the New CWC Reduction of Capital will be granted to the directors of New CWC by the present voting members of New CWC prior to the Scheme Effective Date. The directors of New CWC are authorised to implement the New CWC Reduction of Capital only if Shareholders pass the special resolution, numbered 7, which will be proposed at the General Meeting to approve, matters necessary to implement the Scheme.

Prior to the Scheme Effective Date, a general meeting of New CWC will be held at which shareholder approval will be sought for the directors of New CWC to be granted: (a) authority to allot New CWC Shares requisite to the implementation of the Scheme; (b) authority to allot the requisite number of New CWC Shares to the Principal Vendors as part of the consideration for the Acquisition; (c) authority to allot New CWC Shares to fund the payment of all or part of the price due by it on repurchase of any of the ordinary shares pursuant to an exercise under the Put Option Deeds; (d) general authorities to allot New CWC Shares, to make allotments otherwise than in accordance with pre-emption rights and to make purchases of New CWC Shares, with all such authorities to be based on the expected issued share capital of New CWC following the Acquisition; (e) authority to adopt a directors' remuneration policy which shall be equivalent in all material respects to the policy adopted by CWC; and (f) authority to adopt any other policy, procedure, terms of reference or similar document which is equivalent in all material respects to the policy, procedure, terms of reference or similar document adopted by CWC.

Accordingly, Shareholders will not be required separately to approve the New CWC Reduction of Capital or any of the other shareholder authorities referred to above once they have become Shareholders of New CWC Shareholders pursuant to the Scheme.

13. Prospectus

The Prospectus which is required to be published to effect the introduction of the Consideration Shares and the New CWC Shares to the Official List will be made available prior to the Scheme Effective Date. The Prospectus will contain information (including financial information) in relation to the CWC Group, a business overview of the CWC Group, an operating and financial review in relation to the CWC Group and a section of additional information, including details of the remuneration and shareholding of Directors and material contracts of the CWC Group.

14. Action to be taken

Forms of proxy are enclosed as follows:

BLUE FORM OF PROXY FOR THE COURT MEETING

PINK FORM OF PROXY FOR THE GENERAL MEETING

Whether or not you plan to attend the meetings in person, you are strongly urged to complete and return your forms of proxy as soon as possible.

Completed Forms of Proxy should be returned (together with any power of attorney or other authority which it is signed or notarially certified copy of such attorney) as soon as possible but, in any event, so as to be received by the Registrar no later than 48 hours before the time appointed for the holding of the relevant meeting.

The Blue Form of Proxy in respect of the Court Meeting may also be handed to the Registrar or the Chairman of the Court Meeting at the Court Meeting before the start of the Court Meeting. However, in the case of the General Meeting, the Pink Form of Proxy will be invalid unless it is lodged so as to be received at least 48 hours before the time appointed for the meeting.

If you hold your CWC Shares in uncertificated form (i.e. in CREST) you may appoint a proxy by completing and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by the Registrars (under CREST participant ID RA19) no later than 48 hours before the relevant meeting. The time of receipt will be taken to be the time from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. Unless the Forms of Proxy or CREST Proxy Instructions are received by the date and time specified above, it will be invalid.

15. Further information

Your attention is drawn to the letter from your Chairman in Part I (*Letter from the Chairman of Cable & Wireless Communications Plc*) and to the Scheme set out in Part IX (*Scheme of Arrangement*). Documents available for inspection are listed in Section 19 of Part VI (*Additional Information*) of this document.

Yours faithfully,

Evercore Partners International LLP

PART IX
SCHEME OF ARRANGEMENT

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT

No. 8058 of 2014

IN THE MATTER of CABLE & WIRELESS COMMUNICATIONS PLC

and

IN THE MATTER OF THE COMPANIES ACT 2006

SCHEME OF ARRANGEMENT
(under Part 26 of the Companies Act 2006)

between

CABLE & WIRELESS COMMUNICATIONS PLC

AND

THE SCHEME SHAREHOLDERS
(as hereinafter defined)

Preliminary

(A) In this scheme of arrangement, references to Clauses are references to clauses of this scheme of arrangement and the following expressions shall, unless inconsistent with the subject or context, bear the following meanings:

Act	means the Companies Act 2006;
Admission	means the admission of the Consideration Shares to the premium segment of the Official List of the UK Listing Authority and to trading on the main market of the London Stock Exchange plc;
Business Day	means a day (excluding Saturdays, Sundays and public holidays in England and Wales) on which banks generally are open for business in London for the transaction of normal banking business;
CWC	means Cable & Wireless Communications Plc, a public limited company incorporated in England and Wales with registered number 07130199 and whose registered office is at 3rd Floor, 26 Red Lion Square, London, WC1R 4HQ;
CWC Shares	means ordinary shares of USD0.05 each in the capital of CWC;
Court	means the High Court of Justice of England and Wales;
Court Meeting	means the meeting of the Scheme Shareholders convened by order of the Court pursuant to section 896 of the Act, notice of which is set out in Part XI of this document, including any adjournment thereof;
CREST	means a computerised system for the paperless settlement of sales and purchases of securities and the holding of uncertificated securities operated by Euroclear in accordance with the Regulations;
Euroclear	means Euroclear UK & Ireland Limited, the operator of CREST;
holder	means a registered holder and includes any person(s) entitled by transmission;
New Ordinary Shares	means ordinary shares of USD0.05 each in the capital of CWC to be issued to New CWC;

New CWC	means Cable & Wireless Communications Newco Plc, a company incorporated in England and Wales with registration number 9297623 and whose registered office is at 3rd Floor, 26 Red Lion Square, London, WC1R 4HQ;
New CWC Shares	means ordinary shares of USD0.60 each in the capital of New CWC;
Overseas Shareholder	means a Scheme Shareholder with a registered address outside the UK or who is a citizen or resident of a country outside the UK;
Regulations	means the Uncertificated Securities Regulations 2001 (SI 2001/3755);
Scheme	means this scheme of arrangement in its present form or with any modification thereof or addition thereto or condition approved or imposed by the Court;
Scheme Effective Date	means the date on which the Scheme becomes effective in accordance with its terms;
Scheme Effective Time	means the time at which this Scheme becomes effective on the Scheme Effective Date;
Scheme Record Date	means the business day immediately preceding the Scheme Effective Time;
Scheme Record Time	means 6 p.m. on the Scheme Record Date;
Scheme Shareholder	means a holder of Scheme Shares;
Scheme Shares	means: <ul style="list-style-type: none"> (i) all CWC Shares in issue at the date of this document; (ii) all (if any) CWC Shares issued after the date of this document and prior to the Scheme Record Time; and (iii) all (if any) CWC Shares issued at or after the Scheme Record Time and prior to the confirmation by the Court of the reduction of capital provided for under the Scheme in respect of which the original or any subsequent holders thereof shall be bound by the Scheme or shall by such time have agreed in writing to be bound by the Scheme; and
uncertificated or in uncertificated form	means a share or other security recorded on the relevant or “in uncertificated form” register as being held in uncertificated form in CREST, and title to which, by virtue of the Regulations, may be transferred by means of CREST.

- (B) As at 17 November 2014 (being the last practicable date prior to the publication of this Scheme), the issued share capital of CWC was USD145,921,200.55 divided into 2,918,424,011 CWC Shares of USD0.05 each (including treasury shares), all being credited as fully paid.
- (C) New CWC was incorporated in England and Wales on 5 November 2014 under the Companies Act 2006 as a public company limited by shares. As at 17 November 2014 (being the last practicable date prior to the publication of this Scheme), the issued share capital of New CWC was GBP50,001 divided into 1 ordinary share of GBP1.00 and 50,000 redeemable preference shares of GBP1.00 each, all being credited as fully paid.
- (D) New CWC has agreed to appear by Counsel on the hearing of the claim form to sanction the Scheme and to undertake to the Court to be bound thereby and to execute and do or procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to the Scheme.

The Scheme

Cancellation of Scheme Shares

1. (a) The share capital of CWC shall be reduced by cancelling and extinguishing the Scheme Shares.
- (b) Forthwith and contingently upon the reduction of capital taking effect, CWC shall apply the credit arising in its books of account as a result of the reduction of capital pursuant to sub-clause (a) of this clause in paying up in full at par such number of New Ordinary Shares as have an aggregate nominal

value equal to the aggregate nominal value of the Scheme Shares cancelled in accordance with sub-clause (a) of this clause and shall allot and issue the same, credited as fully paid, to New CWC and/or its nominee(s).

New CWC Shares

2. (a) In consideration of the cancellation of the Scheme Shares and the issue of the New Ordinary Shares to New CWC and/or its nominee(s) pursuant to Clause 1, New CWC shall, at the Scheme Effective Time but immediately before the cancellation of the Scheme Shares pursuant to Clause 1(a) (subject to the provisions of sub-clause (b) of this Clause) allot and issue (credited as fully paid) New CWC Shares to the Scheme Shareholders on the following basis:

one New CWC Share for one Scheme Share held at the Scheme Record Time

- (b) The provisions of sub-clause (a) of this Clause shall be subject to any prohibition or condition imposed by law. Without prejudice to the generality of the foregoing, if, in respect of any Overseas Shareholder, CWC or New CWC is advised that the allotment and issue of New CWC Shares would or might infringe the laws of any jurisdiction outside the United Kingdom, or would or might require New CWC to obtain any governmental or other consent or effect any registration, filing or other formality with which, in the opinion of New CWC, it would be unable to comply or which it regards as unduly onerous, New CWC may in its sole discretion determine that:
- (i) New CWC Shares shall not be allotted and issued to such Overseas Shareholder under this Clause, but instead those New CWC Shares shall be allotted and issued to a nominee appointed by New CWC as trustee for such Overseas Shareholder, on terms that they shall, as soon as reasonably practicable following the Scheme Effective Date, be sold on behalf of such Overseas Shareholder at the best price which can reasonably be obtained and the net proceeds of such sale shall (after the deduction of all expenses and commissions, including any amount in respect of value added tax payable thereon) be paid to such Overseas Shareholder in accordance with the provisions of Clause 3. None of CWC, New CWC, any nominee referred to in this sub-clause 2(b)(i) or any broker or agent of any of them shall have any liability (save in the case of fraud) for any loss arising as a result of the timing or terms of any such sale; or
- (ii) such New CWC Shares shall be sold, in which event the New CWC Shares shall be issued to such holder and New CWC shall appoint a person to act pursuant to this sub-clause 2(b)(ii) and such person shall be authorised on behalf of such holder to procure that any shares in respect of which New CWC has made such a determination shall, as soon as practicable following the Scheme Effective Date, be sold at the best price which can reasonably be obtained at the time of sale and the net proceeds of such sale shall (after the deduction of all expenses and commissions, including any amount in respect of value added tax payable thereon) be paid to such Overseas Shareholder in accordance with the provisions of Clause 3. To give effect to any such sale, the person so appointed shall be authorised on behalf of such holder to execute and deliver a form of transfer and to give instructions and do all such things which he may consider necessary or expedient in connection with such sale. None of CWC, New CWC, any nominee referred to in this sub-clause 2(b)(ii) or any broker or agent of any of them shall have any liability (save in the case of fraud) for any loss arising as a result of the timing or terms of any such sale.

Certificates and payments

3. (a) Not later than five Business Days after the Scheme Effective Date, New CWC shall send by post to the allottees of the New CWC Shares which it is required to allot and issue pursuant to Clause 2(a) certificates in respect of such shares, save that where Scheme Shares are held in uncertificated form, New CWC shall procure that Euroclear is instructed to cancel the entitlement to Scheme Shares of each of the Scheme Shareholders concerned and to credit to the appropriate stock account in CREST of the Scheme Shareholder concerned such shareholder's entitlement to New CWC Shares.
- (b) Not later than five Business Days after the Scheme Effective Date, CWC shall arrange for the delivery to New CWC of certificates in respect of its holdings of New Ordinary Shares.
- (c) Not later than five Business Days following the sale of any relevant New CWC Shares pursuant to Clause 2(b), New CWC shall procure that the nominee or appointee, as the case may be, shall account for the cash payable by despatching to the persons respectively entitled thereto cheques by post.
- (d) All deliveries of certificates required to be sent pursuant to Clause 3(a) above and/or cheques required to be sent pursuant to Clause 3(c) above, shall be sent by first-class post in envelopes addressed to and

at the risk of the persons respectively entitled thereto at their respective addresses appearing in the register of members of CWC at the close of business on the Scheme Record Date (or, in the case of joint holders, to the address of that one of the joint holders whose name stands first in the register in respect of the joint holding) or in accordance with any special instructions regarding communications received at the registered office CWC prior to the Scheme Record Time.

- (e) None of CWC, New CWC, any nominees referred to in Clause 2(b) or any broker or agent of any of them shall be responsible for any loss or delay in transmission of any certificates or cheques sent in accordance with this Clause 3.
- (f) All cheques shall be made payable to the holder (or in the case of joint holders, to that one of the joint holders whose name stands first in the register of members of CWC at the Scheme Record Time in respect of that joint holding) and the encashment of any such cheque shall be a complete discharge of New CWC for the moneys represented thereby.
- (g) This Clause 3 shall be subject to any prohibition or condition imposed by law.

Certificates representing Scheme Shares

- 4. With effect from and including the Scheme Effective Date, all certificates representing holding of Scheme Shares shall cease to be valid in respect of such holdings and the holders of such shares shall be bound at the request of CWC to deliver such certificates for cancellation to CWC or to any person appointed by CWC to receive the same.

Mandates

- 5. Each mandate in force at the Scheme Record Time relating to the payment of dividends on Scheme Shares and each instruction then in force as to notices and other communications from CWC shall, unless and until varied or revoked be deemed from and including the Scheme Effective Date to be a valid and effective mandate or instruction to New CWC in relation to the corresponding New CWC Shares to be allotted and issued pursuant to the Scheme.

Scheme Effective Date

- 6. (a) The Scheme shall become effective as soon as an office copy of the Order(s) of the Court sanctioning the Scheme under section 899 of the Act and confirming under section 648 of the Companies Act 2006 the reduction of capital provided under the Scheme shall have been duly delivered to the Registrar of Companies for registration and, in the case of the confirmation of the reduction of capital been registered by him.
- (b) Unless the Scheme shall have been effective on or before 30 April 2015, or such later date, if any, as CWC and New CWC may agree and the Court may allow, it shall lapse.

Modification

- 7. CWC and New CWC may jointly consent on behalf of all persons concerned to any modification of or addition to the Scheme or to any condition which the Court may think fit to approve or impose.

Cost

- 8. CWC is authorised and permitted to pay all the costs and expenses relating to the negotiation, preparation and implementation of the Scheme.

Dated 19 November 2014

PART X
DEFINITIONS

The following definitions apply throughout this document (except in Part IX (*Scheme of Arrangement*) which contains separate definitions) unless the context requires otherwise.

Term	Definition
ACF	means ACF Investors, Ltd., ACF Investments, Limited, ACF Investments C, Ltd, AIC Caribbean Fund II, L.P., ACF Investments B, Ltd;
Acquiring Company	means CWC or, if the Scheme is effected, New CWC;
Acquisition	means the proposed acquisition of the entire issued share capital of Columbus under the Share Purchase Agreement;
Acquisition Resolutions	means the ordinary resolutions, numbered 1, 2, 3, 4, 5 and 6 set out in the notice of General Meeting which will be proposed at the General Meeting;
Admission	means admission to the Official List and to trading on the London Stock Exchange;
Annual Report 11/12	means the Group's annual report and financial statements for the year ended 31 March 2012;
Annual Report 12/13	means the Group's annual report and financial statements for the year ended 31 March 2013;
Annual Report 13/14	means the Group's annual report and financial statements for the year ended 31 March 2014;
Board	means the board of Directors;
Business Day	means a day (excluding Saturdays, Sundays and public holidays in England and Wales) on which banks generally are open for business in London for the transaction of normal banking business;
CAGR	means compound annual growth rate;
Carried Over Shares	means as defined in Section 2.4 of Part V (<i>Principal terms of the Share Purchase Agreement and other related documentation</i>) of this circular;
Carrier Business	means the business of wholesale selling of telecommunications services to other telecommunications carriers;
Cash Consideration	means the sum of approximately USD707.5m, proposed to be paid by the Company to the Vendors under the Acquisition;
certificated or in certificated form	means where a share or other security is not in uncertificated form;
CHBI	means CVBI Holdings (Barbados) Inc., a corporation duly incorporated and existing under the laws of Barbados and ultimately controlled by John Risley, having its registered office at Suite 205-207, Dowell House, Cr. Roebuck & Palmetto Streets, Bridgetown, Barbados;
CHBL	means Clearwater Holdings (Barbados) Limited, a corporation duly incorporated and existing under the laws of Barbados and ultimately controlled by John Risley, having its registered office at Suite 205-207, Dowell House, Cr. Roebuck & Palmetto Streets, Bridgetown, Barbados;
CHLLC	means Columbus Holding LLC, a limited liability company existing under the laws of Colorado and ultimately controlled by John Malone, having its registered office at 12300 Liberty Boulevard, Englewood, CO 80112, United States of America;
circular or this document	means this circular to Shareholders dated 19 November 2014 in connection with the Acquisition and the Scheme, including the notices convening the Court Meeting and General Meeting;

City Code	means the City Code on Takeovers and Mergers
Clearwater	means CHBI and CHBL;
Close Relatives	means, in relation to a person, such person's spouse, parents, children and siblings;
CMC	means Compagnie Monégasque de Communication S.A.M.;
CMC Disposal Agreement	means the agreement dated 25 April 2014 which effected CWC's disposal of the entire issued share capital in CMC, described in more detail in Part V of the CMC Disposal Circular;
CMC Disposal Circular	means the circular issued by CWC on 25 April 2014 in connection with the disposal of the entire issued share capital in CMC;
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 Bonds	means USD 1.25bn 7.375 per cent. Senior Notes due 2021 issued by Columbus;
Columbus Backstop Bridge	means as defined in paragraph 11 of Part I (<i>Letter from the Chairman of Cable & Wireless Communications Plc</i>) of this circular;
Columbus Change of Control Offer	means as defined in paragraph 1 of Part I (<i>Letter from the Chairman of Cable & Wireless Communications Plc</i>) of this circular; and
Columbus Group	means Columbus and its subsidiaries.
Commitment Papers	means as defined in Section 10.1 of Part VI (<i>Additional Information</i>) of this circular;
Companies Act	means the Companies Act 2006 (as amended or re-enacted);
Completion	means completion of the Acquisition;
Concert Parties	means the persons considered by the Panel to be acting in concert for the purposes of the City Code after the issue of the Consideration Shares at Completion, being the Directors (and their Close Relatives) and the Principal Vendors and the Ultimate Controllers;
Consideration Shares	means the 1,557,529,605 Ordinary Shares in the Acquiring Company, which are proposed to be issued by the Acquiring Company to the Principal Vendors pursuant to the Acquisition;
Court	means the High Court of Justice of England and Wales;
Court Hearing	means the hearing (or hearings) by the Court of the petition to sanction the Scheme and grant the Court Order;
Court Meeting	means the meeting of Shareholders convened by order of the Court pursuant to section 896 of the Companies Act to consider, and if thought fit, approve the Scheme (with or without amendment), and any adjournment thereof;
Court Order	means the order of the Court sanctioning the Scheme under section 899 of the Companies Act;
Court Resolution	means the resolution set out in the notice of Court Meeting which will be proposed at the Court Meeting;
CREST	means a computerised system for the paperless settlement of sales and purchases of securities and the holding of uncertificated securities operated by Euroclear in accordance with the CREST Regulations;

CREST Manual	means the manual, as amended from time to time, produced by CRESTCo Limited describing the CREST system and supplied by CRESTCo Limited to users and participants thereof;
CREST Proxy Instructions	means the instruction whereby CREST members send a CREST message appointing a proxy for the meeting and instructing the proxy on how to vote;
CREST Regulations	means the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) as from time to time amended;
CWC or Company	means Cable & Wireless Communications Plc, a company incorporated in England and Wales, with registered number 07130199 and registered office at 3 rd Floor, 26 Red Lion Square, London, WC1R 4HQ;
CWC Deferred Shares	means the redeemable deferred shares to be issued by CWC to New CWC, being a separate class of shares from the Scheme Shares, and therefore, not forming part of the Scheme Shares or being subject to the Scheme;
CWC Group	means CWC and its subsidiary undertakings from time to time;
CWC Reduction of Capital	means the proposed reduction of capital of CWC by the cancellation of the Scheme Shares as described in Section 2.1 of Part VIII (<i>Explanatory Statement</i>) of this circular;
CWC Share Plans	means the Deferred Bonus Plan, the Performance Share Plan and the Restricted Share Plan;
CWC Shares	means the ordinary shares of USD0.05 each in the capital of CWC;
CWC's Articles	means the articles of association of CWC;
Deferred Bonus Plan	means the CWC 2011 Deferred Bonus Plan;
Demerger	means the demerger of Cable & Wireless Worldwide Group from the former Cable and Wireless Group that was declared effective on 26 March 2010;
Directors	means the directors from time to time of CWC;
Disclosure and Transparency Rules	means the disclosure and transparency rules made by the FCA pursuant to FSMA 2000;
Enlarged Group	means the group of companies which will, following completion of the Acquisition, comprise the CWC Group and the Columbus Group and, if the Scheme is effected, New CWC;
Euroclear	means Euroclear UK & Ireland Limited, the operator of CREST;
Evercore	means Evercore Partners International LLP;
Existing Shares	means the CWC Shares in issue at the date of this circular;
FCA	means the Financial Conduct Authority, granted powers as a regulator under the FSMA 2000;
FCC approval	means as defined in Section 1.3 of Part V (<i>Principal terms of the Share Purchase Agreement and other related documentation</i>) of this circular;
Financing Commitment Letter	means as defined in Section 10.1 of Part VI (<i>Additional Information</i>) of this circular;
Financing Engagement Letter	means as defined in Section 10.1 of Part VI (<i>Additional Information</i>) of this circular;

Financing Fee Discount Letter	means as defined in Section 10.1 of Part VI (<i>Additional Information</i>) of this circular;
Financing Fee Letter	means as defined in Section 10.1 of Part VI (<i>Additional Information</i>) of this circular;
Form of Proxy	means either or both of the Blue Form of Proxy for use at the Court Meeting and the Pink Form of Proxy for use at the General Meeting and “Forms of Proxy” shall be construed accordingly;
FSMA 2000	means the Financial Services and Markets Act 2000, as amended;
General Meeting	means the meeting of the Shareholders to consider, and if thought fit, approve the resolutions in relation to the Acquisition or, if applicable, the Scheme, including any adjournment thereof;
GM Resolutions	means the Acquisition Resolutions or, if applicable, the Scheme Resolutions;
HSR clearance	means as defined in Section 1.3 of Part V (<i>Principal terms of the Share Purchase Agreement and other related documentation</i>) of this circular;
Indenture	means the indenture under which the SIFL Bonds were issued;
Independent Shareholders	means Shareholders other than the Concert Parties;
Introduction	means the introduction of the New CWC Shares to the Official List and to trading on the main market for listed securities of the London Stock Exchange;
IRUs	means indefeasible rights of use;
Islands Disposal Agreement	means the agreement dated 13 January 2013 which effected the disposal of CWC’s Islands business unit, as more fully summarised in Part V of the Islands Disposal circular which is hereby incorporated by reference into this document;
Islands Disposal Circular	means the circular issued by CWC on 19 December 2012 in connection with the disposal of its Islands business unit and its aborted disposal of its Monaco business;
Latest Practicable Date	17 November 2014;
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;
London Stock Exchange	means London Stock Exchange plc;
Macau Disposal Agreement	means the agreement dated 2 December 2012 which effected the disposal of CWC’s Macau business unit, as more fully summarised in Part V of the Macau Disposal Circular which is hereby incorporated by reference into this document;
Macau Disposal Circular	means the circular issued by CWC on 31 January 2013 in connection with the disposal of its Macau business unit;
New CWC	Cable & Wireless Communications Newco Plc, a company incorporated in England and Wales with registered number 9297623 and registered office at 3 rd Floor, 26 Red Lion Square, London, WC1R 4HQ;

New CWC Board	means the board of directors of New CWC from time to time;
New CWC Directors	means the directors of New CWC;
New CWC Reduction of Capital	the proposed reduction of capital of New CWC by the reduction of the nominal value of each New CWC Share from USD0.60 to USD0.05 as described in Section 2.2 of Part VIII (<i>Explanatory Statement</i>) of this circular;
New CWC Shares	means the ordinary shares of USD0.60 each in the capital of New CWC;
New CWC Articles	means the articles of association of New CWC;
New CWC Shareholders	means holders of New CWC Shares;
New Cayman	means as defined in Section 1.3 of Part V (<i>Principal terms of the Share Purchase Agreement and other related documentation</i>) of this circular;
New DBP	means the New CWC Deferred Bonus Plan;
New Financing	means the financing set out paragraph 10 of Part I (<i>Letter from the Chairman of Cable & Wireless Communications Plc</i>) of this circular;
New PSP	means the New CWC Performance Share Plan;
New RCF	means as defined in paragraph 11 of Part I (<i>Letter from the Chairman of Cable & Wireless Communications Plc</i>) of this circular;
New RSP	means the New CWC Restricted Share Plan;
New Share Plans	means the New PSP, New RSP and New DBP;
Non-Title Warranties	means as defined in Section 1.5 of Part V (<i>Principal terms of the Share Purchase Agreement and other related documentation</i>) of this circular;
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;
Ordinary Shares	means the CWC Shares; or if the context requires, the New CWC Shares;
Overseas Shareholders	means the Shareholders with registered addresses outside the UK or who are citizens or residents of countries outside the UK;
Panel	means The Panel on Takeovers and Mergers;
PD Regulation	means Regulation number 809/2004 of the European Commission;
Pension Trustees	means as defined in paragraph 11 of Part I (<i>Letter from the Chairman of Cable & Wireless Communications Plc</i>) of this circular;
Performance Share Plan	means the CWC Incentive Plan 2010 and the CWC 2011 Performance Share Plan;
Permitted Sale Period	means as defined in Section 2.4 of Part V (<i>Principal terms of the Share Purchase Agreement and other related documentation</i>) of this circular;
Placing	means the placing of 252,812,284 CWC Shares by the Company;
Placing Shares	means 252,812,284 CWC Shares issued by the Company under the Placing;
Principal Vendors	means Clearwater, Brendan Paddick and CHLLC;

Proposed Directors	means the persons who have agreed to become directors of the Company upon Completion, being John Risley, Brendan Paddick and Thad York, and “ Proposed Director ” shall be construed accordingly;
Prospectus Rules	means the prospectus rules of the FCA made under section 73A of FSMA 2000;
Prospectus	means the prospectus produced by the Acquiring Company with regard to the Consideration Shares and if the Scheme is to be effected, the Scheme to be published prior to the Scheme Effective Date;
Put Option	means as defined in Section 2 of Part V (<i>Principal terms of the Share Purchase Agreement and other related documentation</i>) of this circular;
Put Option Deeds	means the lock-up and put option agreements to be entered into at Completion by the Acquiring Company with the Principal Vendors in respect of the Consideration Shares;
Registrar of Companies	means the Registrar of Companies in England and Wales;
Registrar	means Equiniti with registered office at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA;
Relevant Annual Put Shares	means as defined in Section 2 of Part V (<i>Principal terms of the Share Purchase Agreement and other related documentation</i>) of this circular;
Relevant Offer	means as defined in paragraph 9 of Part I (<i>Letter from the Chairman of Cable & Wireless Communications Plc</i>) of this circular;
Resolutions	means the Acquisition Resolutions or, if applicable, the Scheme Resolutions and the Court Resolution;
Restricted Period	means as defined in Section 2.1 of Part V (<i>Principal terms of the Share Purchase Agreement and other related documentation</i>) of this circular;
Restricted Share Plan	means the CWC Restricted Share Plan 2010;
Revenue Generating Unit	means an individual service subscriber;
RGU	means a Revenue Generating Unit;
Scheme	means the proposed scheme of arrangement under section 895 – 899 of the Companies Act between CWC and the Scheme Shareholders as set out in Part XI (<i>Scheme of Arrangement</i>) of this circular, with or subject to any modification, addition or condition approved or imposed by the Court;
Scheme Effective Date	means the date on which the Scheme becomes effective in accordance with its terms;
Scheme Effective Time	means the time at which this Scheme becomes effective on the Scheme Effective Date;
Scheme Record Date	means the business day immediately preceding the Scheme Effective Time;
Scheme Record Time	means 6 p.m. on the Scheme Record Date;

Scheme Resolutions	means the special resolution, numbered 7, and the ordinary resolutions, numbered 6 and 8, set out in the notice of General Meeting, which will be proposed at the General Meeting;
Scheme Shareholder	means a holder of Scheme Shares;
Scheme Shares	means: <ul style="list-style-type: none"> i. all CWC Shares in issue at the date of this document; ii. all (if any) CWC Shares issued after the date of this document and prior to the Scheme Record Time; and iii. all (if any) CWC Shares issued at or after the Scheme Record Time and prior to the confirmation by the Court of the reduction of capital provided for under the Scheme in respect of which the original or any subsequent holders thereof shall be bound by the Scheme or shall by such time have agreed in writing to be bound by the Scheme;
Secured Bridge	means as defined in paragraph 11 of Part I (<i>Letter from the Chairman of Cable & Wireless Communications Plc</i>) of this circular;
Shareholders	means the holders of CWC Shares;
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 the entire issued share capital of Columbus, a summary of which is contained in Part V (<i>Principal terms of the Share Purchase Agreement and other related documentation</i>) of the circular;
SIFL	means Sable International Finance Limited, a company incorporated in the Cayman Islands under company registration no. CD-207737 and registered office at Card Corporate Services Limited, Zephyr House, 122 Mary Street, PO Box 709, Grand Cayman KY1-1107, Cayman Islands;
SIFL Backstop Bridge	means as defined in paragraph 11 of Part I (<i>Letter from the Chairman of Cable & Wireless Communications Plc</i>) of this circular;
SIFL Bonds	means USD 400m 8¾ per cent. Senior Secured Notes due 2020 issued by SIFL;
SIFL Change of Control Offer	means as defined in paragraph 1 of Part I (<i>Letter from the Chairman of Cable & Wireless Communications Plc</i>) of this circular;
Title Warranties	means as defined in Section 1.5 of Part V (<i>Principal terms of the Share Purchase Agreement and other related documentation</i>) of this circular;
UK or United Kingdom	means the United Kingdom of Great Britain and Northern Ireland;
UK Corporate Governance Code	means the code on corporate governance issued by the Financial Reporting Council in the UK;
UKLA	means the Financial Conduct Authority acting in its capacity as the competent authority for listing under Part VI of FSMA 2000;
UK Model Code	means the Model Code restricting the ability of persons discharging managerial responsibilities from dealing in a company's securities, pursuant to Annex 1R of Chapter 9 of the Listing Rules;
Ultimate Controllers	means John Risley as ultimate controller of Clearwater and John Malone as ultimate controller of CHLLC;
Unsecured Bridge	means as defined in paragraph 11 of Part I (<i>Letter from the Chairman of Cable & Wireless Communications Plc</i>) of this circular;

US Carve-Out	means as defined in Section 1.3 of Part V (<i>Principal terms of the Share Purchase Agreement and other related documentation</i>) of this circular;
US Carve-Out Businesses	means certain of the Columbus Group's licensed businesses 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;
US dollars or USD or Dollars	means the American Dollars, the official currency of the United States of America;
US Securities Act	means the United States Securities Act of 1933, as amended from time to time;
uncertificated or in uncertificated form	means in relation to shares, means recorded on the relevant register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
Vendors	means Clearwater, CHLLC, Brendan Paddick, ACF and others;
Voting Restrictions	means as defined in paragraph 10.2 of Part I (<i>Letter from the Chairman of Cable & Wireless Communications Plc</i>);
VWAP	means volume weighted average price; and
Whitewash Resolution	means the ordinary resolution, numbered 6 set out in the notice of General Meeting which will be proposed at the General Meeting.

PART XI

NOTICE OF COURT MEETING

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT

No. 8058 OF 2014

IN THE MATTER OF CABLE & WIRELESS COMMUNICATIONS PLC

and

IN THE MATTER OF THE COMPANIES ACT 2006

NOTICE IS HEREBY GIVEN that, by an order dated 13 November 2014 made in the above matters, the Court has granted permission for a meeting (the "Court Meeting") to be convened of the holders of the ordinary shares of USD0.05 each (hereinafter called the "Scheme Shares" as defined in the Scheme of Arrangement referred to below) in Cable & Wireless Communications Plc (hereinafter called the "Company") for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement proposed to be made between the Company and the holders of Scheme Shares and that such meeting will be held at 10.00 a.m. on 5 December 2014 at Hilton Hotel Paddington, 146 Praed Street, London W2 1EE, at which place and time all holders of Scheme Shares are requested to attend.

A copy of the said Scheme of Arrangement and a copy of the statement required to be furnished pursuant to section 897 of the Companies Act 2006 are incorporated in the circular of which this notice forms part.

Holders of Scheme Shares may vote in person at the Court Meeting or they may appoint another person as their proxy to attend, speak and vote in their stead. A proxy need not be a member of the Company. A holder of Scheme Shares may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that holder. A Blue Form of Proxy for use at the Court Meeting has been despatched by post to all holders of Scheme Shares other than those who have elected to receive electronic communications from the Company. Holders of CWC Shares with Scheme Shares held through CREST may also appoint a proxy or proxies using CREST by following the instructions set out in paragraph 18 of Part I (*Letter from the Chairman of Cable & Wireless Communications Plc*) of the circular of which this notice forms part.

Alternatively, holders of Scheme Shares may submit their proxy votes electronically by logging onto the Equiniti website www.sharevote.co.uk. The deadline for receipt of electronic proxies is 10.00 a.m. on 3 December 2014 or, if the Court Meeting is adjourned, not more than 48 hours before the time fixed for any adjourned meeting.

Completion and return of Blue Forms of Proxy, an electronic proxy or the appointment of proxies through CREST, will not preclude a holder of Scheme Shares from attending and voting in person at the Court Meeting, or any adjournment thereof.

In the case of joint holders of Scheme Shares the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

It is requested that Blue Forms of Proxy appointing proxies (together with any power of attorney or other authority under which they are signed, or a notarially certified copy of such power of attorney) be lodged with Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA if you are a holder of Scheme Shares and on the Company's United Kingdom register of members not later than 6 p.m. (London time) on 3 December 2014, but, if forms are not so lodged, they may be handed to the Registrar (Equiniti Limited) on behalf of the Company or the chairman of the Court Meeting at the Court Meeting.

Entitlement to attend and vote at the Court Meeting and the number of votes which may be cast thereat will be determined by reference to the register of members of the Company at 6.00 p.m. (London time) on the day which is two Business Days prior to the day of the Court Meeting or any adjournment thereof (as the case may be).

By the said order, the Court has appointed Sir Richard Laphorne CBE, or failing him Simon Ball or Mr Nicholas Cooper, all of 26 Red Lion Square, London, WC1R 4HQ to act as chairman of the Court Meeting and has directed the chairman to report the result of the meeting to the Court.

The said Scheme of Arrangement will be subject to the subsequent sanction of the Court.

Dated 19 November 2014

SLAUGHTER AND MAY

One Bunhill Row
London EC1Y 8YY

Solicitors for the Company

Notes:

1. The statement of rights of Scheme Shareholders in relation to the appointment of proxies described in this Notice of Court Meeting does not apply to nominated persons. Such rights can only be exercised by Scheme Shareholders.
2. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "**nominated person**") may, under an agreement between him/her and the member by whom he/she was nominated have a right to be appointed (or to have someone else appointed) as a proxy for the Court Meeting. If a nominated person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.

PART XII

NOTICE OF GENERAL MEETING

Cable & Wireless Communications Plc

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

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Cable & Wireless Communications Plc (the “Company”) will be held at Hilton Hotel Paddington, 146 Praed Street, London W2 1EE, on 5 December 2014 at 10.05 a.m. (London time) (or, in the event that the holding of a Court Meeting prior to the general meeting is required for the passing of the resolutions below, as soon thereafter as the Court Meeting (as defined in the circular dated 19 November 2014 (the “Circular”) convened for 10.00 a.m. (London time) on the same day and at the same place, by an order of the High Court of Justice, shall have concluded or been adjourned) for the purpose of considering and, if thought fit, passing the following resolutions, as a special resolution in respect of resolution 7 and as ordinary resolutions in respect of resolutions 1-6 and 8.

Resolutions 1 – 5 will not be put before the meeting if the Acquisition is to proceed by way of the Scheme.

Resolutions 7 and 8 will only be put before the meeting if the Acquisition is to proceed by way of the Scheme.

Resolution 6 will be put before the meeting whether or not the Acquisition is to proceed by way of the Scheme.

RESOLUTIONS

1. THAT, subject to the passing of resolutions 2, 3 and 6, the proposed acquisition by the Company of the entire issued share capital of Columbus International Inc (the “Acquisition”) on the terms and subject to the conditions contained in the share purchase agreement dated 6 November 2014 between: (1) the Company; and (2) ACF Investors, Ltd; ACF Investments Limited; ACF Investments C, Ltd; AIC Caribbean Fund II, L.P.; ACF Investments B, Ltd; CVBI Holdings (Barbados) Inc.; Clearwater Holdings (Barbados) Limited; Columbus Holding LLC; Columbus Executive Shareholders’ Voting Trust (Barbados) Inc.; and Brendan Paddick and others, and the associated and ancillary arrangements related thereto (including the entering into of any such transactions pursuant to s.190 or s.200 of the Companies Act 2006) be and are hereby approved, and the Directors (or a duly authorised committee thereof) be and are hereby authorised to: (i) do all such acts and things and execute all such agreements and make such arrangements as may seem to them necessary, expedient or appropriate for the purpose of giving effect to, or otherwise in connection, with the transaction comprised in such share purchase agreement and the associated ancillary arrangements related thereto; and (ii) agree and make such modifications, variations, revisions, waivers or amendments in relation to any of the foregoing (provided that such modifications, variations, revisions, waivers or amendments are not material) as they may in their absolute discretion think fit.
2. THAT, subject to the passing of resolutions 1, 3 and 6 and conditional upon admission to listing on the premium segment of the Official List by the UK Listing Authority and to trading on London Stock Exchange plc’s market for listed securities of the new ordinary shares of USD0.05 each to be issued by the Company in connection with the Acquisition and without prejudice, to the extent unutilised, to the authority conferred on them at the last annual general meeting of the Company on 25 July 2014, the Directors be and are hereby authorised in accordance with Article 12 of the Articles of Association of CWC to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company, credited as fully paid up, up to a Section 551 Amount (as defined in Article 12(B)) of an aggregate nominal amount equal to USD77,876,480.25 in connection with the Acquisition together with any additional shares and/or rights to subscribe for or convert any security into shares in the Company, credited as fully paid, in connection with the rollover or satisfaction of awards under Columbus International Inc’s share schemes and/or other arrangements considered desirable to incentivise persons holding awards thereunder up to a Section 551 Amount (as defined in Article 12(B)) of an aggregate nominal amount equal to USD6,500,000, such authorities to expire on 30 September 2015, but during this period the Company may make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the Directors may allot shares or grant rights to subscribe for or convert securities into shares under such offer or agreement as if the authority had not ended.
3. THAT, subject to the passing of resolutions 1, 2 and 6 and conditional upon admission to listing on the premium segment of the Official List by the UK Listing Authority and to trading on London Stock Exchange plc’s market for listed securities of the new ordinary shares of USD0.05 each to be issued by the

Company in connection with the Acquisition, the entry into of, and performance of the Company's obligations under, each Put Option Deed (as defined in the Circular) (including the purchase of shares in the Company thereunder) be and is hereby approved provided that this approval shall expire (unless previously revoked, varied or renewed) on the date being five years from the date on which the resolution is passed, and the Directors (or a duly authorised committee thereof) be and are hereby authorised to: (i) do all such acts and things and execute all such agreements and make such arrangements as may seem to them necessary, expedient or appropriate for the purpose of giving effect to, or otherwise in connection, with the matters comprised in such Put Option Deeds and the associated ancillary arrangements related thereto; and (ii) agree and make such modifications, variations, revisions, waivers or amendments in relation to any of the foregoing (provided that such modifications, variations, revisions, waivers or amendments are not material) as they may in their absolute discretion think fit. Up to 1,557,529,605 shares in the Company may be purchased under the Put Option Deeds at a price of USD0.7349 per share.

4. THAT, subject to the passing of resolutions 1, 2, 3 and 6 and conditional upon admission to listing on the premium segment of the Official List by the UK Listing Authority and to trading on London Stock Exchange plc's market for listed securities of the new ordinary shares of USD0.05 each to be issued by the Company in connection with the Acquisition and without prejudice (i) to the authority conferred on them at the last annual general meeting of the Company on 25 July 2014; and (ii) to the authority conferred on them by resolution 2, the Directors be and are hereby authorised in accordance with Article 12 of the Articles of Association of CWC to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company, credited as fully paid up, up to a Section 551 Amount (as defined in Article 12(B)) of an aggregate nominal amount of up to USD100,000,000 in connection with the Company funding the payment of all or part of the price due by it on repurchase of any of the ordinary shares pursuant to an exercise under the Put Option Deeds, such authority to expire on the fifth anniversary of this resolution, but during this period the Company may make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the Directors may allot shares or grant rights to subscribe for or convert securities into shares under such offer or agreement as if the authority had not ended.
5. THAT, subject to the passing of resolutions 1, 2, 3 and 6 and conditional upon admission to listing on the premium segment of the Official List by the UK Listing Authority and to trading on London Stock Exchange plc's market for listed securities of the new ordinary shares of USD0.05 each to be issued by the Company in connection with the Acquisition, the Deferred Bonus Plan as summarised in Section 14.4 of Part VI (*Additional Information*) of the Circular be and is hereby approved and that the Directors be and they are hereby authorised to do all acts and things necessary to continue to carry the same into effect.
6. THAT, subject to the passing of resolutions 1, 2 and 3 or, if applicable, resolutions 7 and 8, the waivers granted by The Panel on Takeover and Mergers of the obligations which may otherwise arise pursuant to Rule 9 of The City Code on Takeovers and Mergers for the Concert Parties (as defined in the Circular) or any member thereof (or an entity through which any member of the Concert Parties holds or will hold shares in the Company or New CWC (as defined in resolution 7 below), as applicable) and/or any person acting in concert with any of them to make a general offer to the other shareholders for all the issued ordinary shares in the capital of the Company or New CWC, as applicable, as a result of (i) the issue of the Consideration Shares (as defined in the Circular) to the Principal Vendors (as defined in the Circular) at Completion (as defined in the Circular); (ii) the vesting and/or issue or release to directors of the Company or New CWC, as applicable, of up to 12,381,422 share awards and/or shares to satisfy share awards under the Company's or New CWC's performance share plan, which share awards are outstanding in favour of the directors on 17 November 2014; (iii) the making or grant of up to a further 50,000,000 options or awards over shares in the Company or New CWC, as applicable, to the directors (or their Close Relatives (as defined in the Circular)) under the Company's or New CWC's, as applicable, share plans and the vesting and satisfaction of such awards and exercise of such options by the acquisition by such directors (or their Close Relatives (as defined in the Circular)) of up to that number of shares in the Company or New CWC, as applicable; (iv) acquisitions of up to 15,000,000 shares in the Company or New CWC, as applicable, by the directors of the Company or New CWC (as applicable) to meet the Company's or New CWC's, as applicable, shareholding requirements in line with past practice; and (v) acquisitions by directors of the Company or New CWC, as applicable, of up to 10,000,000 shares in the Company or New CWC, as applicable, in proportion to the amounts that they would otherwise have received through participation in the Company's or New CWC's, as applicable, dividend reinvestment plan, be and are hereby approved. Acquisitions of shares under (ii), (iii), (iv) and (v) of this resolution shall be by issue of new shares or by transfer of shares out of treasury (including by way of the Company's or New CWC's, as applicable, employee benefit trust).

The ordinary resolution is subject to the approval of the independent shareholders (being the shareholders other than the Concert Parties) on a poll vote and each independent shareholder will be entitled to one vote per share.

7. THAT, subject to the scheme of arrangement dated 19 November 2014 (the “Scheme”) proposed to be made between the Company and the Scheme Shareholders (as defined in the Scheme) being sanctioned at the Court Meeting and the passing of resolution 6:

(A) for the purpose of giving effect to the Scheme in its original form or with or subject to any modification, addition or condition approved or imposed by the Court:

- (i) the share capital of the Company be reduced by cancelling all the Scheme Shares (as defined in the Scheme);
- (ii) forthwith and contingently on such reduction of capital taking effect the reserve arising in the books of account of the Company as a result of the cancellation of the Scheme Shares be applied in paying up in full at par such number of new ordinary shares of USD0.05 each as shall be equal to the number of Scheme Shares cancelled at sub-paragraph (i) above, such new ordinary shares to be allotted and issued credited as fully paid to Cable & Wireless Communications Newco Plc (“New CWC”) and/or its nominee(s);
- (iii) without prejudice and in addition, to the extent unutilised, to any other authority conferred on the Directors under section 551 of the Companies Act 2006, including at the last annual general meeting of the Company, the Directors be and are hereby generally and unconditionally authorised, pursuant to and in accordance with section 551 of the Companies Act 2006, to exercise all the powers of the Company to give effect to this resolution and accordingly to effect the allotment of the new ordinary shares referred to in sub-paragraph (ii) above, provided that: (a) the maximum aggregate nominal amount of shares which may be allotted hereunder shall be the aggregate nominal amount of the new ordinary shares created pursuant to sub-paragraph (ii) above; and (b) this authority shall expire on 30 September 2015; and
- (iv) prior to the reduction of capital referred to in sub-paragraph (i) above taking effect the Company be and is hereby authorised to issue and allot two redeemable deferred shares to New CWC and/or its nominee(s).

(B) the Articles of Association of the Company be and are hereby amended by the adoption and inclusion of the following new Article 152:

“Shares not otherwise subject to Scheme of Arrangement

- (a) In this Article, references to the “Scheme” are to the Scheme of Arrangement between the Company and the holders of Scheme Shares (as defined in the Scheme) dated 19 November 2014 (with or subject to any modification, addition or condition approved or imposed by the Court) under Part 26 of the Act and terms defined in the Scheme shall have the same meanings in this Article.
- (b) If the Company issues any ordinary shares (other than to New CWC (as defined in the Scheme), any subsidiary of New CWC or any nominee of New CWC (each a “New CWC Group Company”)) on or after the date of the adoption of this Article and prior to 6.00 p.m. on the day before the date of the hearing to sanction the Scheme (the “Hearing Date”) such ordinary shares shall be issued subject to the terms of the Scheme and the holder or holders of such ordinary shares shall be bound by the Scheme accordingly.
- (c) As a matter supplemental to and separate from the Scheme, if any ordinary shares are issued to any person (a “new member”) at or after 6.00 p.m. on the day before the Hearing Date they will, provided that the Scheme has become effective and that New CWC is a member of the Company, be immediately transferred to New CWC and/or its nominee(s) (unless such ordinary shares are issued to a New CWC Group Company) in consideration of and conditional on the issue to the new member of such number of New CWC Shares (together with cash in respect of fractional entitlements) as that member would have been entitled to had each ordinary share transferred to New CWC hereunder been a Scheme Share at the Scheme Record Time, being ordinary shares in New CWC which rank pari passu with all other ordinary shares in New CWC for the time being in issue including any dividends or distributions made, paid or declared thereon following the date on which the transfer of the shares in the Company is executed.
- (d) The number of ordinary shares in New CWC to be issued to the new member under this Article (accompanied by cash in respect of fractional entitlements) may be adjusted by the Directors in such manner as the Company’s auditor may determine on any reorganisation of the share capital of the Company or of New CWC.

(e) To give effect to any such transfer required by this Article, the Company may appoint any person to execute a form of transfer on behalf of the new member in favour of New CWC and to agree for and on behalf of the new member to become a member of New CWC. Pending the registration of New CWC and/or its nominee(s) as the holder of any share to be transferred pursuant to this Article New CWC shall be empowered to appoint a person nominated by the Directors to act as attorney on behalf of each holder of any such share in accordance with such directions as New CWC may give in relation to any dealings with or disposal of such share (or any interest therein), exercising any rights attached thereto or receiving any distribution or other benefit accruing or payable in respect thereof and the registered holder of such share shall exercise all rights attaching thereto in accordance with the directions of New CWC but not otherwise. The Company shall not be obliged to issue a certificate to the new member for such ordinary shares.

(C) the proposed reduction of capital of New CWC approved at the general meeting of New CWC (as described in Part VIII (*Explanatory Statement*) of the Circular) be and is hereby approved.

8. That, subject to and conditional upon the Scheme referred to in resolution 7 becoming effective and to the passing of resolution 6, each of the New Share Plans as summarised in Sections 14.1-14.3 of Part VI (*Additional Information*) of the Circular be and are hereby approved and that the Directors be and they are hereby authorised to do all acts and things necessary to establish and carry them into effect.

In accordance with the requirements of the City Code, the Directors of CWC (and their Close Relatives) holding Ordinary Shares in the Company will not be voting, in respect of resolution 6, on their interest in 18,178,948 shares in the aggregate in the Company, representing 0.654 per cent. of the Company's current issued share capital (excluding treasury shares).

19 November 2014

By Order of the Board

Nick Cooper
Company Secretary

Registered Office:
3rd Floor,
26 Red Lion Square
London, WC1R 4HQ
Registered in England and Wales No. 07130199

Schedule 1 to the Notice of General Meeting

Important information about the General Meeting

1. General

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

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

Please send this document and the proxy forms to the person who sold the shares for you. He/she can then send them to the new owner of the shares. To have the right to come and vote at the General Meeting, you must hold shares in the Company and your shareholding must be entered on the register of members at 6 p.m. (London time) on 3 December 2014.

3. What to do if you have recently acquired your Cable & Wireless Communications Plc shares and have received this document from the transferor?

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

Notes:

1. A member entitled to attend and vote at the General Meeting is entitled to appoint one or more proxies to attend, speak and vote on his/her behalf. Such proxy need not be a member of the Company. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attaching to a different share or shares held by that shareholder. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 10 below) will not prevent a shareholder attending the General Meeting and voting in person if he/she wishes to do so.
2. To be valid, any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at the Company's registrars, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, no later than 10.05 a.m. on 3 December 2014 (on, in the event of any adjournment, not less than 48 hours before the time of the adjourned meeting).
3. To be entitled to vote at the General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of members at 6.00 p.m. (London time) on 3 December 2014 (or, in the event of any adjournment, 6.00 p.m. (London time) on the date which is two days before the time of the adjourned meeting). Changes to entries on the register of members after 6 p.m. (London time) on 3 December 2014 (or, in the event of any adjournment, 6.00 p.m. (London time) on the date which is two days before the time of the adjourned meeting) shall be disregarded in determining the rights of any person to attend the General Meeting.
4. The total number of voting rights in the Company as at 17 November 2014 (being the latest practicable date prior to the publication of this Notice) is 2,780,935,138.
5. Any person who has sold or transferred his/her shares in the Company should pass this document and its enclosures to the person through whom the sale or transfer was effected for transmission to the purchaser or the transferee.
6. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she is nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statement of the rights of shareholders in relation to the appointment of proxies in paragraph 1 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
8. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available at www.euroclear.com). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time for receipt of proxy appointments specified in this notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
9. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take

(or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

10. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
11. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not so in relation to the same shares.
12. Any member attending the General Meeting has the right to ask questions. The Company must cause to be answered any such question in relation to the business being dealt with at the meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered. If you are unable to attend the General Meeting, but have a specific question you would like to ask, you are invited to write to the Chairman at the registered office address.
13. Except as provided above, members who have general queries about the General Meeting should contact the Company's registrars, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, on 0871 384 2104 from within the UK (or +44 (0)121 415 7052 if you are calling from outside the UK). Calls to the 0871 384 2104 number cost 8 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Calls may be recorded and randomly monitored. Please note that, for legal reasons, Equiniti will only be able to provide information in relation to the Acquisition and the Scheme, if applicable, to the extent that it is contained in the Circular (and, in addition, information relating to the Company's register of Shareholders) and will be unable to give advice on the merits of the Resolutions or to provide financial or investment advice.
14. Please note that you may not use any electronic address provided in either this notice of General Meeting or any related documents (including the Circular) to communicate with the Company for any purposes other than those expressly stated.
15. A copy of this notice and other information required by s311A of the Companies Act 2006 can be found on CWC's website at www.cwc.com.

APPENDIX A

QUANTIFIED FINANCIAL BENEFITS STATEMENT

The circular contains synergy statements (the “Quantified Financial Benefits Statement”) at paragraph 5 of Part I (*Letter from the Chairman of Cable & Wireless Communications Plc*).

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, following completion of the Acquisition.

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.

The de-duplication of corporate costs and functional overheads includes costs savings of approximately USD 25m from the rationalisation of overlapping headcount across the regions in which the Enlarged Group operates. The Enlarged Group is expected to have at Completion approximately 8,250 employees and contracted workers. Fewer than 500 back office, sales and marketing and customer service roles across the Enlarged Group are currently anticipated to be rationalised, over the three years after Completion.

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 B and C to this circular. 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 B

ERNST & YOUNG LLP REPORT ON QUANTIFIED FINANCIAL BENEFITS STATEMENT

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

19 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 pages 11 and 12 of and Appendix A to the circular (the “Document”) issued by the Company dated 19 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 circular.

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 C

EVERCORE PARTNERS INTERNATIONAL LLP REPORT 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

19 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 A to this circular, 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 B to this circular 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

