3 December 2012

CABLE & WIRELESS COMMUNICATIONS PLC

Agreement on Monaco & Islands Disposal

Cable & Wireless Communications Plc ("CWC" or "the Company") today announces that it has agreed with Batelco Group ("Batelco") the sale of the majority of the businesses within its Monaco & Islands division for an enterprise value of US$680 million (the "Disposal").

CWC will divest its entire shareholdings in its businesses in the Maldives, Channel Islands and Isle of Man, the Seychelles, South Atlantic and Diego Garcia as well as a 25% shareholding in Compagnie Monegasque de Communication SAM ("CMC"), the company which holds CWC's 55% interest in Monaco Telecom.

The Disposal accelerates the delivery of CWC's strategy to reshape its business, reduce its geographic spread, and focus on the Central American and Caribbean region, as well as increasing the Company's financial flexibility.

The consideration (on a cash and debt-free basis and assuming a normal level of working capital) of US$680 million will be paid in cash by Batelco upon completion of the transaction ("Completion"), and represents a multiple of 6.3 times the proportionate EBITDA (for the 12 months to 31 March 2012) of the businesses being sold.

Subject to the satisfaction of necessary regulatory and other conditions, including approval from CWC shareholders, Batelco will take control of each of the majority-owned business units upon Completion, which is expected to take place by the end of CWC's current financial year. CWC will continue to operate the Monaco Telecom business in partnership with the Principality of Monaco as co-shareholder.

The cash proceeds arising from the Disposal will be used to reduce the Company's net borrowings and increase its financial flexibility. As a result of the Disposal (including the 25% shareholding in CMC), the Group's net debt position will be reduced from US$1,588 million as at 30 September 2012 to approximately US$937 million on a pro forma basis, implying proportionate net debt / EBITDA of 1.8x (for the 12 months to 30 September 2012).

CWC and Batelco have also entered into certain put and call option arrangements over CWC's remaining 75% interest in CMC. The options will enable CWC to sell, and Batelco to purchase, the controlling stake in Monaco Telecom for an additional consideration of US$345 million. These options can be exercised within 12 months of completion of the Disposal, subject to obtaining necessary regulatory and other consents, including the approval of the Principality of Monaco. If the necessary consents are obtained and either option is exercised, the completion of the second stage of the transaction would increase the total consideration to US$1,025 million, representing a multiple of 6.7 times the proportionate EBITDA (for the 12 months to 31 March 2012) for the sale of the entire Monaco & Islands business unit.

If the necessary consents are not obtained, CWC and Batelco have agreed a further option arrangement which enables the return of the 25% shareholding in CMC (originally transferred to Batelco) back to CWC for a consideration of US$100 million.

The Disposal will also position CWC to be able to make value-enhancing investments in the pan-America region. Any investments will be based on strict financial criteria and considered alongside regular reviews of balance sheet efficiency and shareholder returns policy.

Tony Rice, CEO of Cable & Wireless Communications, commented:

"The disposal of the Monaco & Islands portfolio is consistent with our objective of building a growth-driven, Pan-America focused business. The Monaco & Islands portfolio is a premium telecoms business and we are pleased to have agreed a deal that achieves an attractive value for our shareholders. We believe that Batelco will be an excellent owner and operator, bringing deep telecoms capability and international experience, and will continue the development of the businesses. The disposal will substantially reduce the geographic spread of our Group as well as increasing our financial flexibility. We will continue to operate the Monaco Telecom business, with the option to crystallise the second stage of the transaction if necessary consents are obtained."

Sheikh Mohamed bin Isa Al Khalifa, Batelco Group Chief Executive, commented:

"We are pleased to announce this acquisition which will increase the scale and diversification of our operations. Batelco Group will have the opportunity to operate, in collaboration with its new business partners, communications businesses across 17 markets. This acquisition supports our strategy by adding new cash generative business clusters to our existing operations across the Middle Eastern region. We look forward to working closely with all the shareholders and management teams in the companies to ensure we continue to deliver value and innovation to customers and be recognized as market leaders."

The consideration is subject to normal post-completion cash, debt and working capital adjustments. In addition, owing to the size of the transaction relative to the size of the Company, the transaction constitutes a Class 1 transaction under the UK Listing Rules and is therefore conditional upon the approval of CWC shareholders.

A circular will be sent in due course to CWC shareholders containing further details of the transaction, together with a notice convening a General Meeting of the Company to consider and, if thought fit, approve the transaction.

Conference Call
A conference call for analysts and investors to discuss the Disposal will be held at 11 am GMT on 3 December 2012. A presentation will be simultaneously webcast at www.cwc.com
Dial-in details:

UK:	+44 (0) 20 3364 5381
US:	+1 646 254 3361
Confirmation Code:	6450378

Participants will have to quote the above code when dialling into the conference.

Audio playback of the call will be available shortly after the call finishes until 10 December 2012. The details for the playback are:

UK:	+44 (0) 20 3427 0598
US:	+1 347 366 9565
Replay Access Code:	6450378

For further information contact:
Cable & Wireless Communications Plc
Investors:

Kunal Patel	+44 (0) 20 7315 4083
Mike Gittins	+44 (0) 20 7315 4184

Media:

Lachlan Johnston	+44 (0) 20 7315 4006 / +44 (0) 7800 021 405
Steve Smith	+44 (0) 20 7315 4070 / +44 (0) 7785 778 375

Advisers:
J.P. Morgan Cazenove (Financial Adviser, Sponsor & Joint Corporate Broker)
Dwayne Lysaght +44 (0) 20 7742 4000
Rupert Sadler

Akira Partners LLP (Financial Adviser)
Andre Sokol +44 (0) 20 7565 0808
Matthias Uepping

Maitland (Financial PR)
Neil Bennett +44 (0) 20 7379 5151

Notes to Editors:
About Cable & Wireless Communications Plc
Cable & Wireless Communications Plc is a global full-service communications business. We operate leading communications businesses through four regional units - the Caribbean, Panama, Macau and Monaco & Islands. Our services include mobile, broadband and domestic and international fixed line services in most of our markets as well as pay TV, data centre and hosting, carrier and managed service/social telecom (telecom enabled public services) solutions. Our operations are focused on providing our customers - consumers, businesses, governments - with world-class service. Serving the communities where we operate is at the heart of our approach, and we are committed to behaving in an ethical and socially responsible manner. For more information visit www.cwc.com

About Batelco
Batelco Group, listed on the Bahrain Bourse, is the leading integrated communications provider in the Kingdom of Bahrain and a company of reference among the region's key telecommunications players for innovation and customer experience. Batelco serves both the corporate and consumer markets in the most liberalised and competitive environment in the Middle East region. It delivers cutting-edge fixed and wireless telecommunications services to its customers in Bahrain, Kuwait, Saudi Arabia, Jordan, Yemen and Egypt. The Batelco Group of companies offers end-to-end telecommunications solutions for its residential, business and government customers in Bahrain on Next Generation, all IP fixed and 3.75G wireless networks, MPLS based regional data solutions and GSM mobile and WiMax broadband services across the countries in which it operates.

Cautionary Statement

This announcement has been issued by, and is the sole responsibility of, Cable & Wireless Communications Plc. No representation or warranty express or implied, is or will be made as to or in relation to, and no responsibility or liability is or will be accepted by J.P. Morgan Limited (which conducts its UK investment banking activities as J.P. Morgan Cazenove) ("J.P. Morgan Cazenove") or Akira Partners LLP ("Akira Partners") or by any of their respective affiliates or agents as to or in relation to, the accuracy or completeness of this announcement or any other written or oral information made available to or publicly available to any interested party or its advisers and any liability therefore is expressly disclaimed.

J.P. Morgan Limited (which conducts its UK investment banking business as J.P. Morgan Cazenove), which is authorised and regulated by the Financial Services Authority in the United Kingdom, is acting exclusively for Cable & Wireless Communications Plc and for no one else in connection with the matters described in this document and is not, and will not be, responsible to anyone other than Cable & Wireless Communications Plc for providing the protections afforded to clients of J.P. Morgan Cazenove, or for providing advice in connection with the matters described in this document.

Akira Partners LLP which is authorised and regulated in the UK by the FSA, is acting for Cable & Wireless Communications Plc and for no one else in connection with the transaction and will not be responsible to anyone other than Cable & Wireless Communications Plc for providing the protections afforded to clients of Akira Partners or for providing advice in relation to the transaction, the contents of this announcement or any transaction, arrangement or other matter described in this announcement.

This announcement contains (or may contain) forward-looking statements which are subject to assumptions, risks and uncertainties associated with, amongst other things, the economic and business circumstances occurring from time to time in the countries, sectors and business segments in which the Group operates. These and other factors could affect the results, strategy and prospects of the Retained Group and/or the Monaco & Islands Disposal Companies.

Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, there can be no assurance that these expectations will prove to have been correct. Since these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by those forward-looking statements. Each forward-looking statement is correct only as of the date of the particular statement. The information contained in this announcement is subject to change without notice and, except as required by the rules of the London Stock Exchange, the Listing Rules, the Disclosure and Transparency Rules or any other applicable law, none of the Company, J.P. Morgan Cazenove or Akira Partners assumes any obligation to publicly update or revise any forward-looking statements contained herein, whether as a result of new information, future events or otherwise.

Agreement on Monaco & Islands Disposal

1. Introduction and summary

Cable & Wireless Communications Plc ("CWC" or the "Company) through its wholly owned subsidiary Sable Holding Limited (the "Seller") has entered into an agreement with Bahrain Telecommunications Company ("Batelco") for the sale of the majority of its Monaco & Islands business unit for an enterprise value of US$680 million.

The Seller will divest its entire shareholdings in CWC Islands Limited and CWC Holdco Limited, comprising its businesses in The Maldives, Channel Islands and Isle of Man, the Seychelles, South Atlantic and Diego Garcia as well as a 25% shareholding ("CMC Minority Shares") in Compagnie Monegasque de Communication SAM ("CMC"), the company which holds CWC's 55% interest in Monaco Telecom (the "Disposal").

The consideration of US$680 million (on a cash and debt-free basis and assuming a normal level of working capital) will be paid in cash by Batelco upon completion of the Disposal ("Completion"), which is expected to take place by the end of CWC's current financial year.

Subject to the satisfaction of necessary regulatory and other conditions, including approval from CWC shareholders, Batelco will take control of each of the majority-owned business units upon Completion. CWC will continue to operate the Monaco Telecom business in partnership with the Principality of Monaco as co-shareholder.

CWC and Batelco have also entered into certain put and call option arrangements over CWC's remaining 75% interest in CMC ("Monaco Option"). These options can be exercised by CWC and Batelco within 12 months of completion of the Disposal, subject to the satisfaction of certain conditions, including the receipt of necessary regulatory and other consents. If exercised, CWC's remaining 75% interest in CMC (the "CMC Majority Shares") will be transferred to Batelco for an additional consideration of US$345 million. If neither option is exercised, CWC may require Batelco to transfer back to CWC, and Batelco may require CWC to purchase, the 25% shareholding in CMC transferred to Batelco for US$100 million (the Disposal and Monaco Option together being the "Transaction").

2. Background to and reasons for the Transaction

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

Having received approaches for its Monaco & Islands division, a process was undertaken by CWC to review the strategic alternatives for its Monaco & Islands division. The Board believes the Transaction is in the best interest of the Company's shareholders as a whole because it:

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

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

3. Information on the businesses within the Monaco & Islands business unit

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

- Channel Islands and Isle of Man ("CIIM"): CIIM, operating through the 'Sure' brand, offers telephony services to the Channel Islands and the Isle of Man. It is the full service incumbent operator in Guernsey with market-leading positions in fixed-voice, mobile and broadband services. It is also an alternative carrier in Jersey and the Isle of Man. CIIM is operated through wholly-owned subsidiaries of the Group.
- Dhiraagu: Dhiraagu is the incumbent telecom operator in the Maldives. Dhiraagu is the market leader in mobile, broadband and fixed voice services. The Group owns a 52% stake in Dhiraagu and runs the business in partnership with the Maldives Government. In December 2011, the Maldives Government, which held the remaining 48% interest, completed an initial public offering of 5.9% of the share capital of Dhiraagu and a related offering of 0.3% of the share capital of Dhiraagu to the employees of Dhiraagu.
- Cable and Wireless Seychelles ("CWS"): CWS is the full-service incumbent operator in Seychelles with market-leading positions in fixed-voice, mobile and broadband services. It is a wholly-owned subsidiary of the Group.
- Cable and Wireless South Atlantic Diego Garcia ("SADG"): SADG offers communications services to Diego Garcia and three British foreign territories in the South Atlantic: Saint Helena, Ascension Island and the Falklands. It is the exclusive operator in three out of these four markets and provides services to the US military in Diego Garcia and the UK military in the Falklands. SADG is operated through wholly-owned subsidiaries of the Group.
- Monaco Telecom: Monaco Telecom is the incumbent operator in Monaco. The Group holds 49% of the total share capital of Monaco Telecom and has voting and economic rights in respect of an additional 6% through a contractual arrangement with Compagnie Monégasque de Banque. The Principality of Monaco holds the remaining 45%. Monaco Telecom is the market leader and the only full service telecommunications operator in Monaco. In addition, Monaco Telecom owns 36.75% of Roshan, a leading mobile telecommunications operator in Afghanistan. Monaco Telecom also has a Service-to-Operators division, which supplies the international country code and international carrier services to Kosovo and has a service contract with On Air, a company that provides passenger telephony solutions onboard aircraft. CMC holds the Seller's 55% interest in Monaco Telecom.

The revenue of the Monaco & Islands Disposal Companies for the twelve months ended 31 March 2012 was US$319 million, gross margin was US$254 million, EBITDA was US$130 million (the Group's proportionate share of the EBITDA being US$92 million), profit before tax was US$73 million, capital expenditure was US$58 million and operating cash flow was US$72 million. During the year to 31 March 2012, the Monaco & Islands Disposal Companies had an average of 1,229 employees. At 30 September 2012, the Monaco & Islands Disposal Companies had net assets of US$172 million and gross assets of US$695 million.

The revenue of the CMC Companies for the twelve months ended 31 March 2012 was US$248 million, EBITDA was US$78 million (the Group's proportionate share of the EBITDA being 55%), profit before tax was US$47 million. During the year to 31 March 2012, the CMC Companies had an average of 412 employees. At 30 September 2012, the CMC Companies had net assets of US$203 million and gross assets of US$538 million.

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

At Completion, the Cash Proceeds arising from the Disposal (including the proceeds from the disposal of the CMC Minority Shares) are expected to be approximately US$680 million.

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

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

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

Although the net cash proceeds of the Transaction will strengthen the Company's balance sheet and enhance its financial and strategic flexibility, if the Company does not make further acquisitions or undertake other balance sheet management activities, the Transaction is expected to be dilutive to earnings per share. This is due to the limited benefits from immediate reinvestment in repayment of the Company's revolving credit facilities and holding the balance of the Transaction proceeds as short-term cash and cash equivalents, as compared to the annual income of the businesses being sold.

5. Dividend Policy

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

6. Current Trading and Future Prospects

On 8 November 2012, CWC announced its unaudited half-yearly results for the six months ended 30 September 2012.

The Company announced that, despite a challenging period for the telecoms industry as a whole, CWC has continued to perform respectably and in line with the Board's expectations for the full year. Momentum continues to build for the Group's mobile data services and private sector and government enterprise pipelines retain a healthy potential. Voice revenue continues to decline and CWC continues to reduce costs to mitigate this decline. CWC intends to focus management capability and future investment on the Pan-America region where the Group has scale, synergy and strong market positions.

7. Key individuals of Monaco & Islands division

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

Denis Martin	Chief Executive Officer of Monaco & Islands
Frédéric Pinchaud	Chief Financial Officer of Monaco & Islands
Catherine Delom	Chief Technical Officer of Monaco & Islands
David Woods	Human Resources Director of Monaco & Islands

Martin Péronnet	Chief Executive Officer of Monaco Telecom
Markus Lackermaier	Chief Financial Officer of Monaco Telecom
Eddie Saints	Chief Executive Officer of Channel Islands and Isle of Man operation
Sean Cassidy	Chief Financial Officer of Channel Islands and Isle of Man operation
Andy Bridson	Chief Commercial Officer of Channel Islands and Isle of Man operation
Ismail Waheed	Chief Executive Officer and Managing Director of Dhiraagu
Ismail Rasheed	Chief Executive Officer of Dhiraagu
Avnish Jindal	Chief Financial Officer of Dhiraagu
Adam Dunlop	Development Director, Chief Executive Officer of Seychelles and SADG operation
Charles Hammond	Chief Executive Officer of Seychelles operation
Ajay Walia	Chief Finance Officer of Seychelles operation

8. Shareholder Circular

A circular will be sent to the Company's shareholders in due course containing further details of the Transaction, together with and a notice convening a General Meeting of the Company to consider and, if thought fit, approve the Transaction. A further announcement will be made upon posting of the Circular.