CABLE & WIRELESS

Annual Results 2008/09

21 May 2009

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There are several factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or disposals. A summary of some of the potential risks faced by Cable & Wireless is set out in the Company's most recent Annual Report.

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Agenda for today

■ Introduction	Richard Lapthorne
■ Group highlights and financials	Tim Pennington
■ CWI	Tony Rice
■ Worldwide	John Pluthero
■ Summary	Tim Pennington

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Richard Lapthorne

Chairman

Introduction

- The team:
  - Tim Pennington - Group Finance Director and CFO of CWI
  - John Pluthero - Executive Chairman of Worldwide
  - Tony Rice - Chief Executive of CWI
- Value realisation postponed not cancelled - continue to execute and grow value
- Guidance: over £1 billion Group EBITDA for 2009/10

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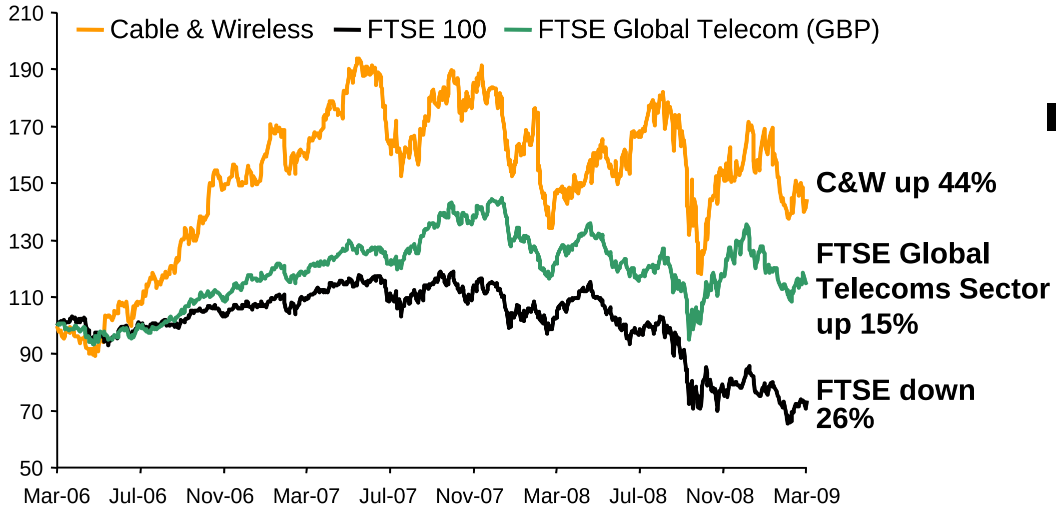
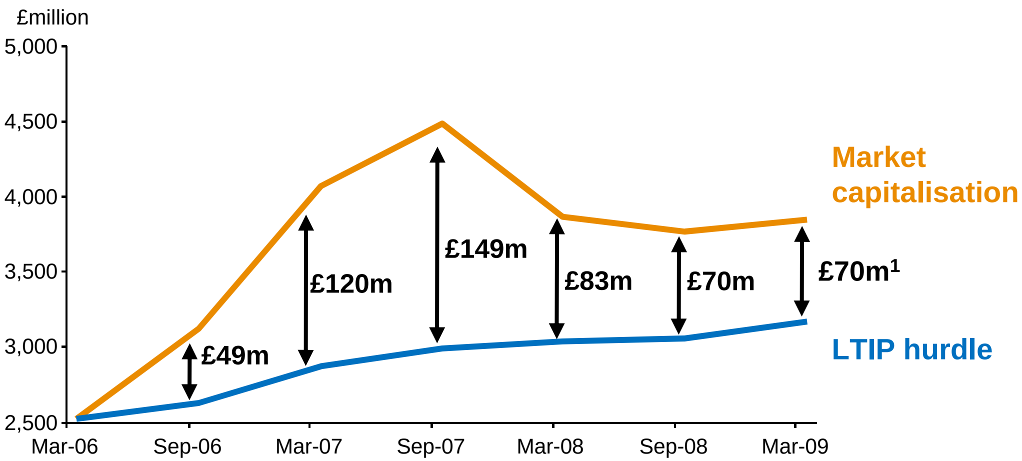
Management incentives





- Proposed one year extension of existing LTIP
  - Scheme extended to 2011
  - Reflects delay in value realisation
- Return to more conventional incentives
  - Performance share awards
  - Three year vesting from 2012 onwards ensuring continuity of incentives

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[1] Estimated LTIP pool = 10% of market capitalisation less LTIP hurdle

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Tim Pennington

Group Finance Director

Group highlights

- Group EBITDA[1] up £217 million to £822 million
  - Worldwide up £78 million to £326 million
  - £29 million from Thus
  - CWI up £60 million to £524 million ($921 million)
  - £50 million currency translation benefit from CWI
- Profit for the year £226 million
  - Earnings per share[1] 13.2 pence
  - Basic earnings per share 5.8 pence
- Recommended full year dividend of 8.50 pence per share – up 13%; representing a final dividend of 5.67 pence per share

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[1] From continuing operations excluding exceptional items and LTIP charge

Group financials

£million	2008/09 Full year	2007/08 Full year	Change[1]	Main drivers
Revenue	3,646	3,152	16%	▪ Growth, Thus, currency
EBITDA[2]	822	605	36%	▪ EBITDA margin up 4 percentage points
LTIP	(17)	(27)	37%	
Depreciation & amortisation	(379)	(299)	(27)%	▪ Increased capital expenditure
Finance income	29	53	(45)%	▪ Lower cash balances
Finance expense	(75)	(75)	-	
Exceptionals	(182)	(32)	nm	▪ Mainly restructuring costs

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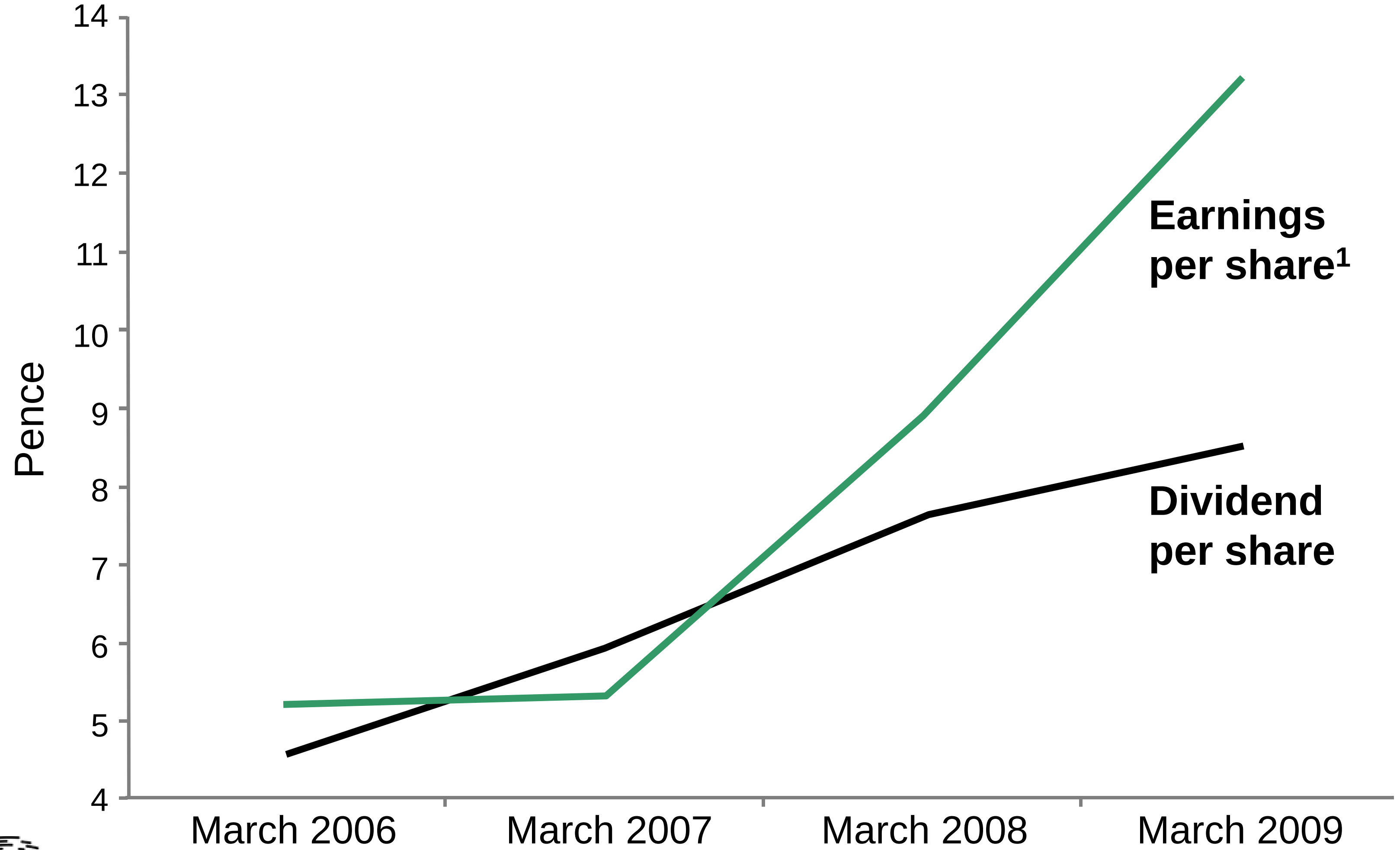
[1] Positive percentage represents improvement
[2] Excluding exceptional items and LTIP charge

Group earnings and dividend per share



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[1]From continuing operations excluding exceptional items and LTIP charge

Effect of currency on our results

- Unprecedented currency volatility
- Group EBITDA[1] foreign currency translation gain of £50 million on CWI
  - Mainly from 12% depreciation in sterling against the US dollar
- IAS 39 exceptional finance expense of £56 million
- £46 million increase in net debt primarily from revaluing dollar debt into sterling
- Currency effect in CWI US dollar reported results
  - CWI includes non-US dollar currencies e.g. Sterling; Seychelles rupee; Jamaican dollar

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[1] Excluding exceptional items and LTIP charge

Group exceptional items

£million	2008/09 Full year	Main drivers
CWI restructuring	49	▪ Mainly 'One Caribbean' transformation
Worldwide restructuring	46	▪ Network site closures, property costs and redundancy
Thus integration	30	▪ Property, network, redundancy
Other	8	▪ Onerous property lease obligations
	133	
Hedging contracts	56	▪ IAS 39 mark to market charge
	189	
Tax credit	(7)	
Net exceptional charges	**182**	

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Pension fund

- Latest valuation at 31 March 2009 for main UK scheme
  - IAS 19 valuation – deficit of £32 million
- Allocation of assets:
  - 50% - Prudential annuity policy from UK pensioner buy-in
  - 31% - equities
  - 19% - bonds, property, swaps and cash
- 2008/09 net pension credit of £12 million
- 2009/10 net pension charge expected of £4 million

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Balance sheet and liquidity

- Strong credit metrics
  - Net debt to EBITDA[1] of 0.5 times
  - EBITDA[1] interest cover of 11 times
- Good liquidity
  - In excess of £500 million in cash
  - Undrawn credit lines of over £100 million
- No material debt maturities before 2011

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[1] Excluding exceptional items and LTIP charge

Annual results 2008/09

Tony Rice
Chief Executive - CWI

CWI 2008/09 highlights

- Revenue stable at circa US$2.5 billion
- An increasingly efficient business, with margin progression:
  - Gross margin up two percentage points to 68%
  - Operating costs[1] as % of revenue down two percentage points to 30%
  - EBITDA[1] margin up four percentage points to 38%
- EBITDA[1] up 13%[2] to US$921 million
- 'One Caribbean' programme delivering in difficult market conditions
- Panama mobile market share growing despite more competition
- Macau concession renewal agreed subject to ratification process

CWI Group

[1] Excluding exceptional items and LTIP charge

[2] Constant currency change based on the restatement of 2007/08 comparatives at 2008/09 average exchange rates

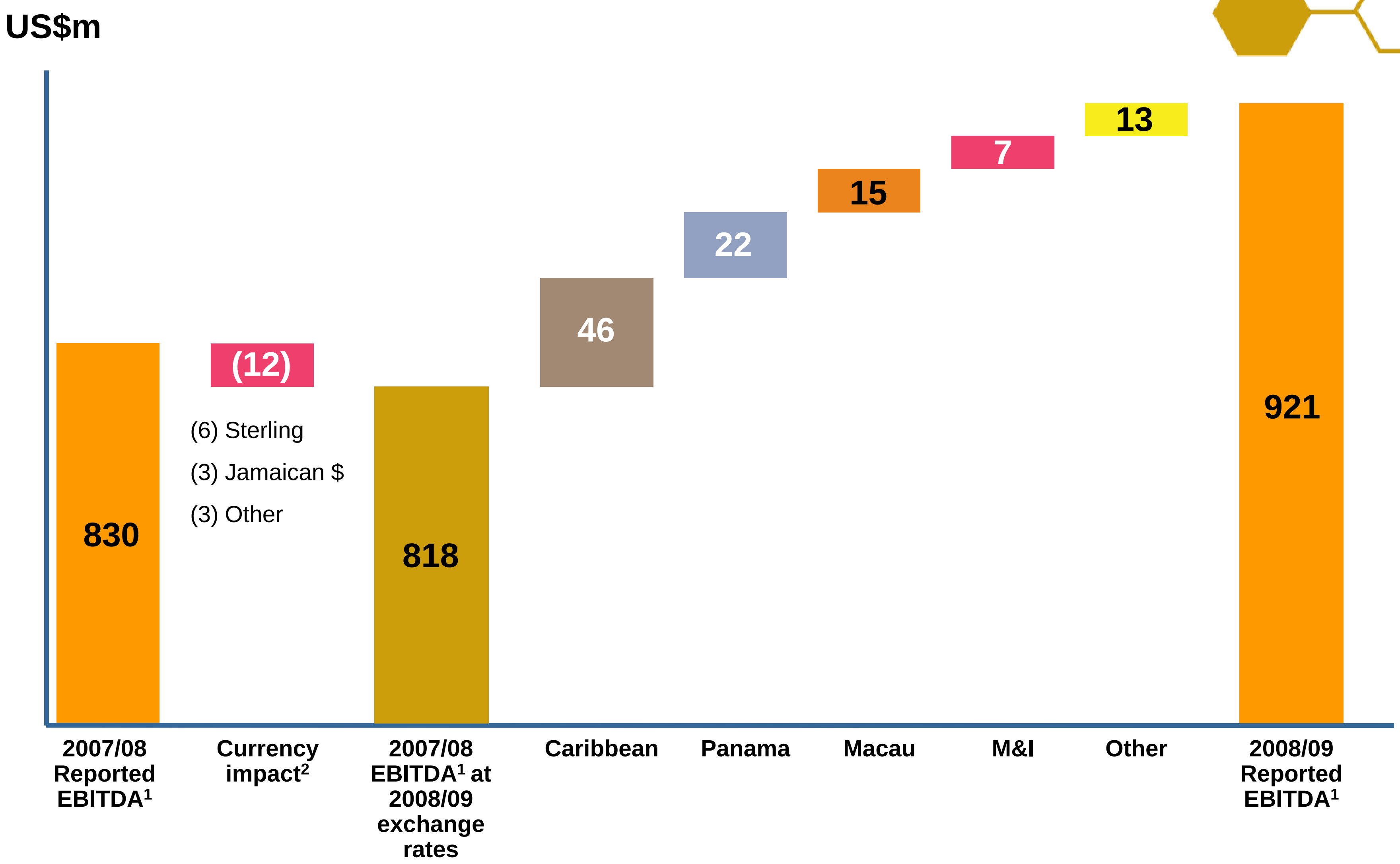
CWI 2008/09 financial performance

US$m	Reported 2008/09	Reported 2007/08	Constant currency change[1,2]	Reported change[2]
Revenue	2,447	2,462	1%	(1)%
Gross margin	1,656	1,615	4%	3%
Operating costs[3]	(735)	(785)	4%	6%
EBITDA[3]	921	830	13%	11%
Total operating profit after exceptional items	597	509	17%	17%
Gross margin as % of revenue	68%	66%		
Opex[3] as % of revenue	30%	32%		
EBITDA[3] as % of revenue	38%	34%		
Balance sheet capex	(337)	(381)	9%	12%
Capex as % of revenue	<14%	>15%		

CWI Group

[1] Constant currency change based on the restatement of 2007/08 comparatives at 2008/09 average exchange rates
[2] Positive represents improvement
[3] Excluding exceptional items and LTIP charge

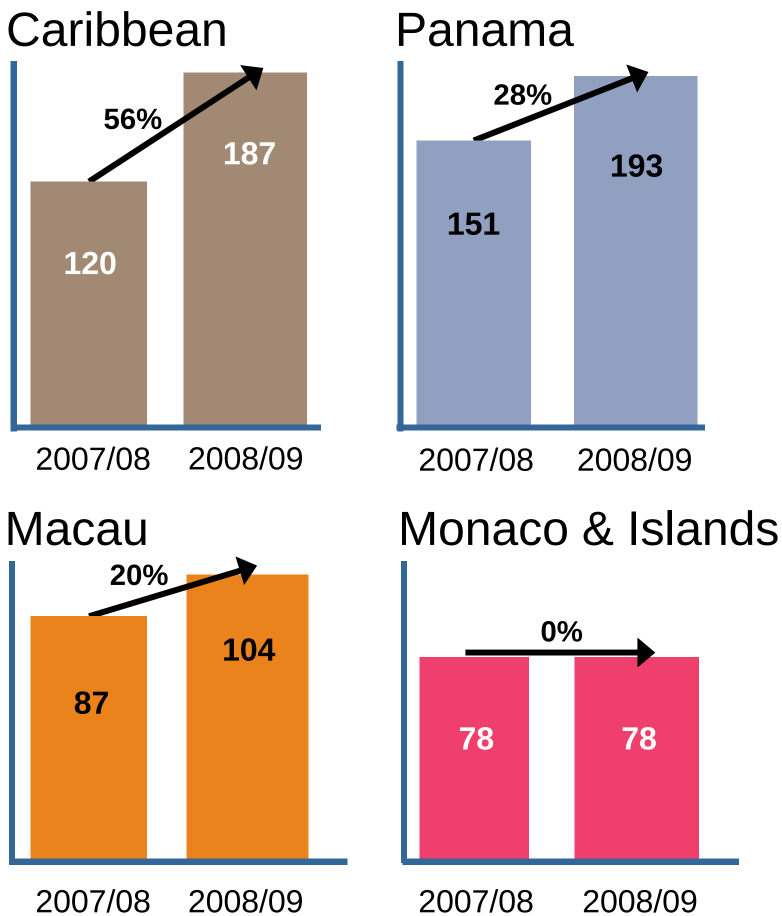
EBITDA[1] performance by operation

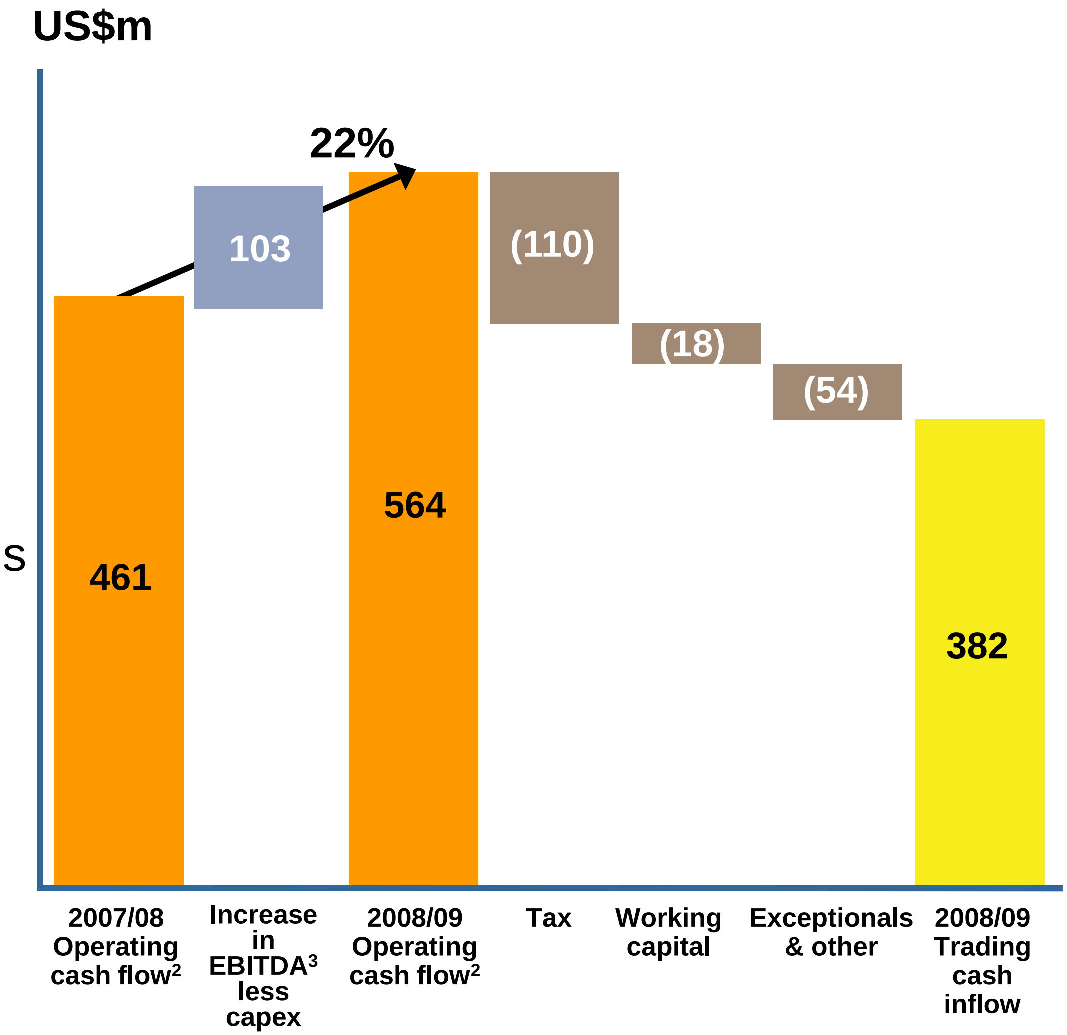


[1] EBITDA excluding exceptional items and LTIP charge
[2] Currency impact is calculated by restating 2007/08 EBITDA performance using 2008/09 average exchange rates

CWI cash flow

Regional operating cash flows[1]





[1] Regional operating cash flows represent EBITDA less balance sheet capital expenditure at constant currency
[2] Total CWI operating cash flow represents EBITDA less cash capital expenditure at constant currency
[3] EBITDA excluding exceptional items and LTIP charge

Caribbean – early benefits of transformation

Progress in 2008/09:

Transformation – ‘One Caribbean’ programme launched and accelerating, Jamaica still the biggest challenge

Performance improvement – launch of pan-Caribbean call centres and network management

Efficiency and synergies – 21% headcount reduction (well on way to 2009/10 target) and H2 opex[1] 36% of revenue, down from 42% in H1

Priorities for 2009/10:

Transformation – pan-Caribbean management, processes and shared services; continued focus on Jamaica

Performance improvement – focus on customer experience

Efficiency and synergies – further headcount reduction towards March 2010 target of 2,500 heads, further opex[1] savings through better processes and accountability

US$m	2008/09	Constant currency change
Revenue	975	(3)%
Gross margin	718	2%
Opex[1]	(381)	7%
EBITDA[1]	337	16%
Capex	(150)	12%

CWI Group

[1] Excluding exceptional items

Panama – market leadership and regional opportunity

Progress in 2008/09:

Maintained mobile market leadership

- H2 revenue up 14% despite launch by two mobile competitors in the period
- Our market share increased in a growing market

Developed managed service, enterprise and carrier businesses

EBITDA[1] up 9% despite further competition

Priorities for 2009/10:

Hold mobile market leadership in four player market

Build regional capability

US$m	2008/09	Constant currency change
Revenue	667	8%
Gross margin	441	10%
Opex[1]	(165)	(13)%
EBITDA[1]	276	9%
Capex	(83)	19%

CWI Group

[1] Excluding exceptional items

Macau – world class metrics in a competitive market

Progress in 2008/09:

Business demonstrated resilience

- Gross margin up three percentage points to 64%
- Operating costs at 18% of revenue

Concession renewal agreed

- Going through ratification process
- Good deal for customers, government and our business

Priorities for 2009/10:

Ratify concession agreement

Launch next phase of Digital Macau

Continue to improve efficiency

US$m	2008/09	Constant currency change
Revenue	302	4%
Gross margin	192	8%
Opex	(53)	2%
EBITDA	139	12%
Capex	(35)	5%

CWI Group

Monaco & Islands – good trading performance

Progress in 2008/09:

Transformation – embedding management structure and business disciplines for a portfolio of businesses, established long-term value plays

Performance improvement – good local financial performance and businesses performing ahead of customer service level targets

Efficiency and synergies – EBITDA[1] margin up one percentage point to 27% driven by a 9% reduction in headcount

Priorities in 2009/10:

Continue to raise EBITDA[1] margins

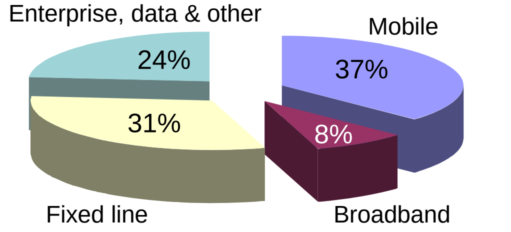
Manage portfolio value more aggressively

US$m	2008/09	Constant currency change
Revenue	506	0%
Gross margin	305	3%
Opex[1]	(168)	(1)%
EBITDA[1]	137	5%
Capex	(59)	(13)%

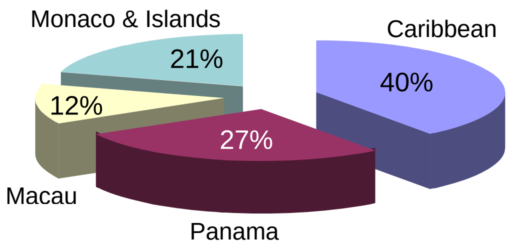
[1] Excluding exceptional items

Managing CWI in the recession

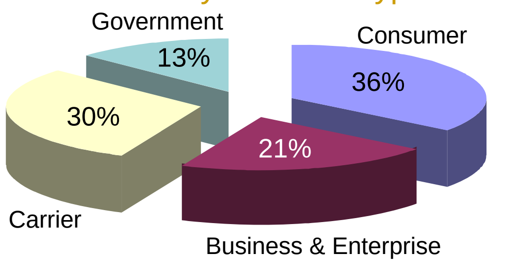
Product diversity
Revenue by product



Geographic diversity
Revenue by region



Customer diversity
Revenue by customer type[3]



Current trading environments are mixed:

- 8-10%[1] reduction in high end Caribbean tourist numbers
- Macau – visa restrictions and delayed casino builds
- Panama – 2009 GDP forecast growth of 3%[2]
- Monaco – stable

Focus on what we can control:

- Protect and enhance existing revenue streams
- Manage operating costs, headcount and capex
- Substantial scope for further cost down
- Generate cash

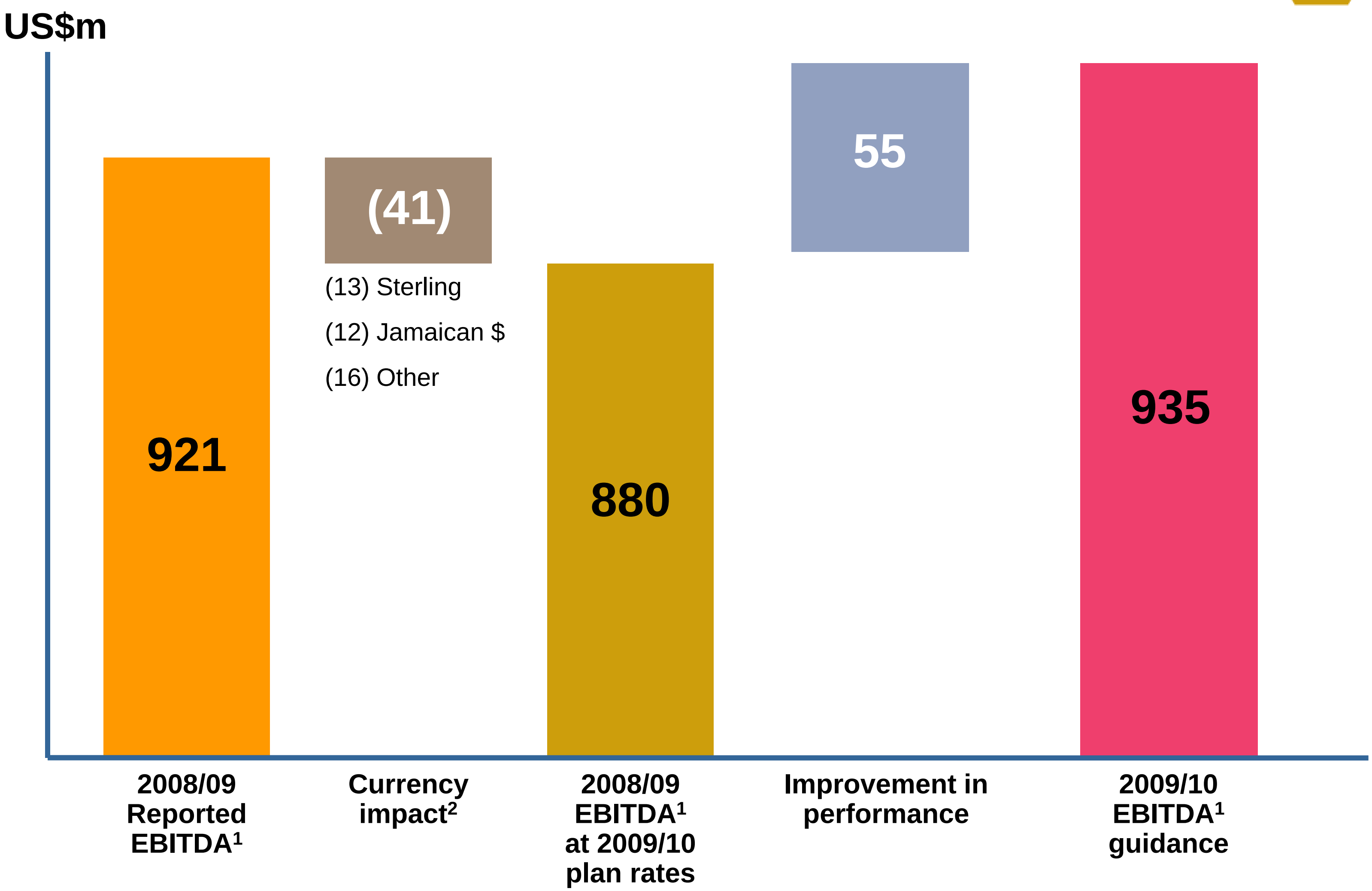
Play to our strengths:

- Diversity of revenue and EBITDA – geographic and mix
- Transformation activities delivering, with more to come
- Good cash generation, with more to come
- Strong competitive position in all our markets

CWI Group

[1] Source: Caribbean Tourism Organisation, April 2009
[2] Source: IMF World Economic Outlook database, April 2009
[3] Revenue by customer type based on March 2009 receivables

CWI EBITDA[1] performance and guidance



[1] EBITDA excluding exceptional items and LTIP charge

[2] Currency impact is calculated by restating 2008/09 EBITDA performance using Cable & Wireless 2009/10 plan rates, including US$:£ of 1.50

Summary

Strong performance in 2008/09

Improving EBITDA[1] margins reflecting successful cost management

Tight control of capital investment

2008/09 performance emphasises strength of portfolio

Guidance for 2009/10

EBITDA[1] of approx US$935 million at our 2009/10 plan exchange rates and given our current view of economic environment

Capex – approx US$325 million

Cash exceptionals of approx US$70 million

Plentiful opportunities to build on our success

CWI Group

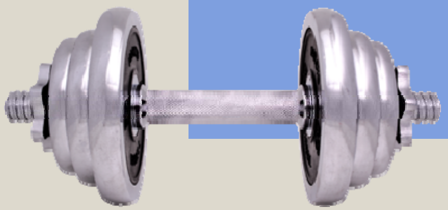
[1] EBITDA excluding exceptional items and LTIP charge

Cable&Wireless Worldwide

2008/09 ANNUAL RESULTS

John Pluthero
Executive Chairman
Cable & Wireless Worldwide

C&W WORLDWIDE
2008/09 FULL YEAR RESULTS



	Worldwide 2008/09 £m	Thus H2 £m	Total 2008/09[1] £m	2007/08 £m	Better/ (worse) £m/%
Revenue	**2,031**	**248**	**2,268**	**1,941**	**327** *17%*
Gross margin	**845** *41.6%*	**100** *40.3%*	**945** *41.7%*	**803** *41.4%*	**142** *18%*
Operating costs[2,3]	**(548)** *(27%)*	**(71)** *(29%)*	**(619)** *(27%)*	**(584)** *(30%)*	**(35)** *(6%)*
EBITDA[2,3]	**297** *15%*	**29** *12%*	**326** *14%*	**219** *11%*	**107** *49%*
Operating profit[4]	**87**	**10**	**97**	**45**	**52** *116%*
Trading cash flow	**35**	**(22)**	**13**	**(103)**	**116**

(1) After eliminations
(2) Includes net pension credit of £8m in 2008/09 and £14m in 2007/08
(3) Excluding exceptionals and LTIP charge
(4) Operating profit excludes exceptional items and joint ventures

C&W WORLDWIDE EXCLUDING THUS
2008/09 HALF ON HALF RESULTS

	H2 2008/09 £m	H1 2008/09 £m	H2 2007/08 £m	Better/ (worse) H2 on H1 %	Better/ (worse) H2 year on year %
Revenue	1,028	1,003	980	2.5%	4.9%
Gross margin	431 *41.9%*	414 *41.3%*	405 *41.3%*	4.1%	6.4%
Operating costs[1,2]	(276) *(26.8%)*	(272) *(27.1%)*	(285) *(29.1%)*	(1.5%)	3.2%
EBITDA[1,2]	155 *15.1%*	142 *14.2%*	120 *12.2%*	9.2%	29.2%
Operating profit[3]	44	43	36	2.3%	22.2%
Trading cash flow[4]	25	10	7	150%	257%

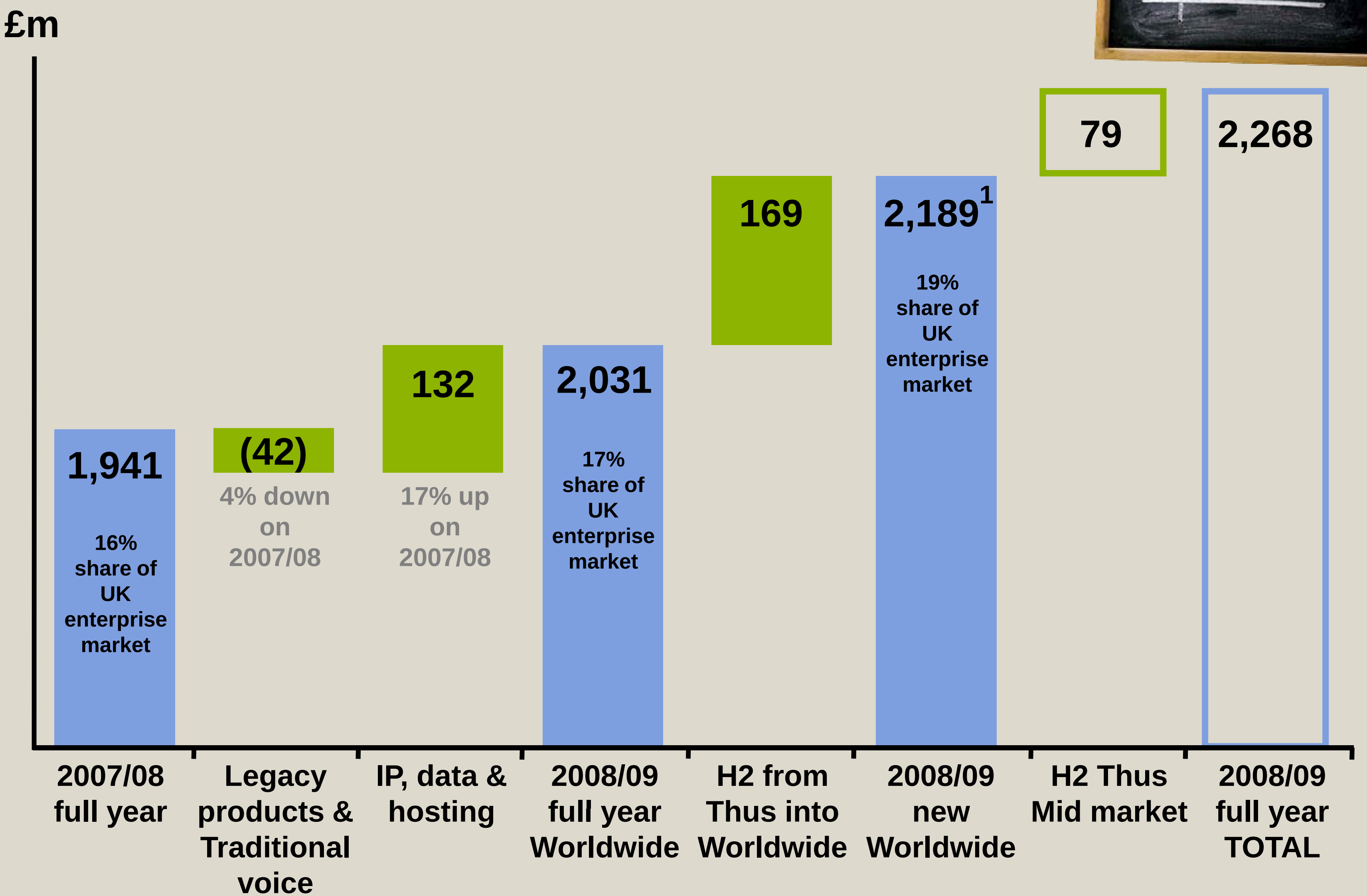
(1) Includes net pension credit of £4m in H2 2008/09, £4m in H1 2008/09 and £7m in H2 2007/08

(2) Excluding exceptionals and LTIP charge

(3) Operating profit excludes exceptional items

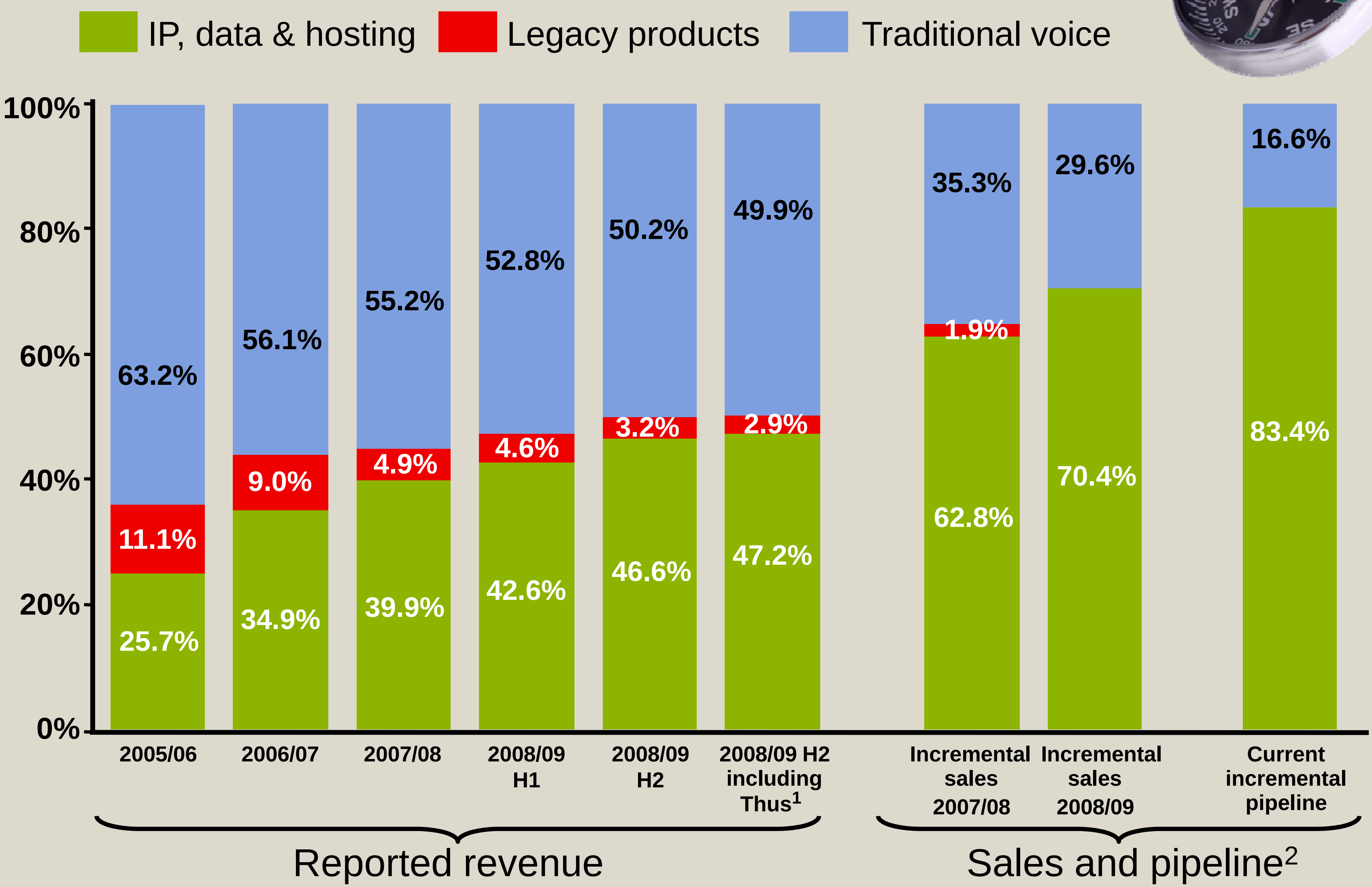
(4) Excludes acquisitions, disposals, pension buy-in and pension top-up

REVENUE
PROGRESSION CONTINUES



(1) After £11m intercompany elimination

REVENUE COMPOSITION
IMPROVING PRODUCT MIX



(1) Excludes Mid market revenues
(2) Excludes Thus and re-signs

SALES
THE RIGHT KIND OF GROWTH

Sales growth - new services gaining traction:

– Second fixed mobile convergence contract signed

– Signed applications contracts with 25 customers this year, including Applications Performance Management with Morrisons and Managed Video Conferencing with Regus

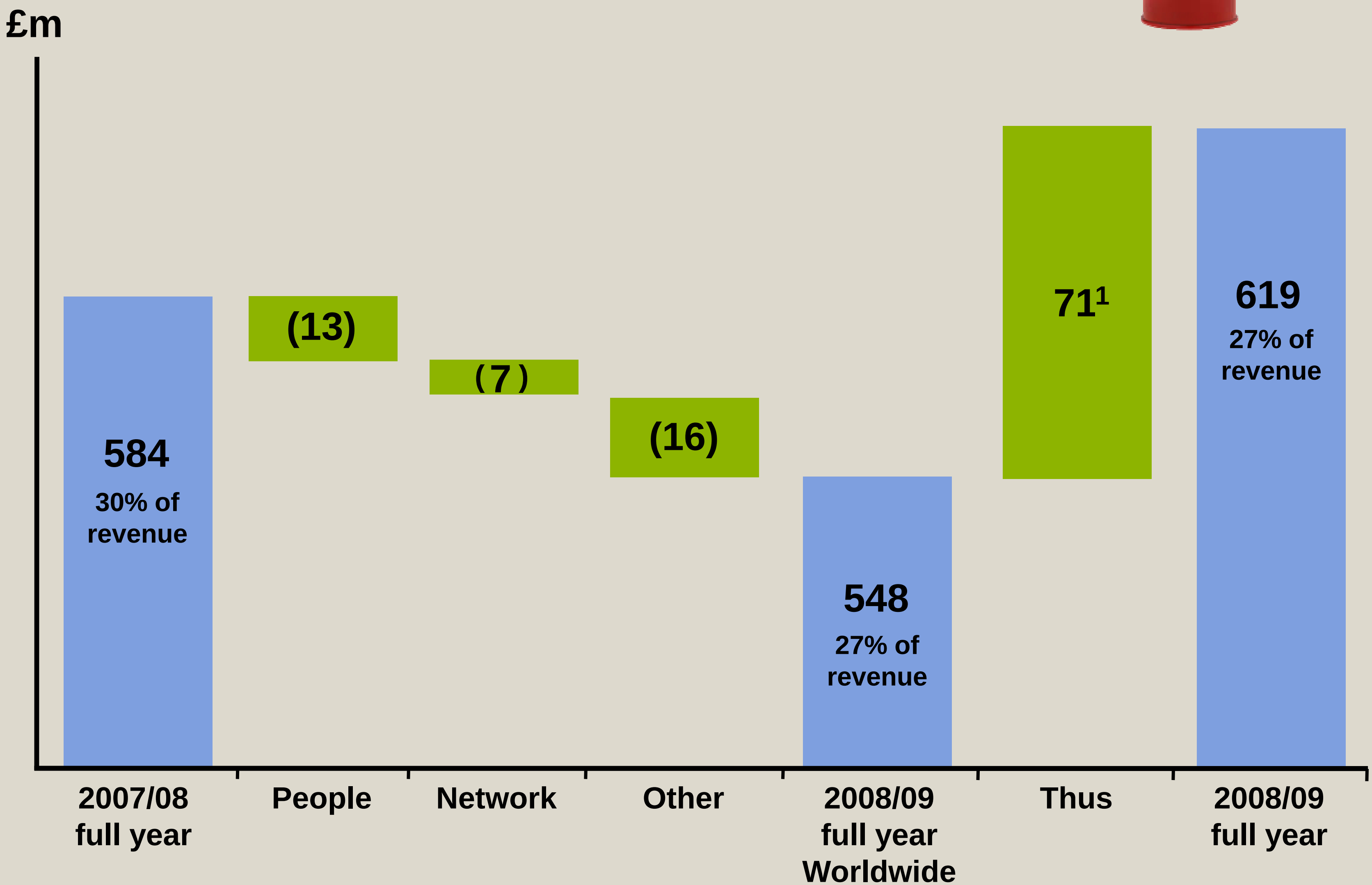
– Regulatory decisions will decrease revenue by c.£100 million in 2009/10. Small short term margin effect

Gross margin:

– Actual margin exceeds business case margin

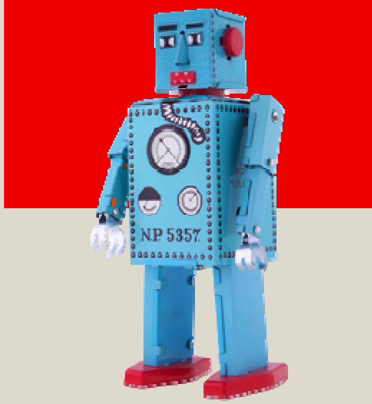
– No issue on long term contracts: accrued income at 31 March 2009 accounts for c.3% of annual revenue

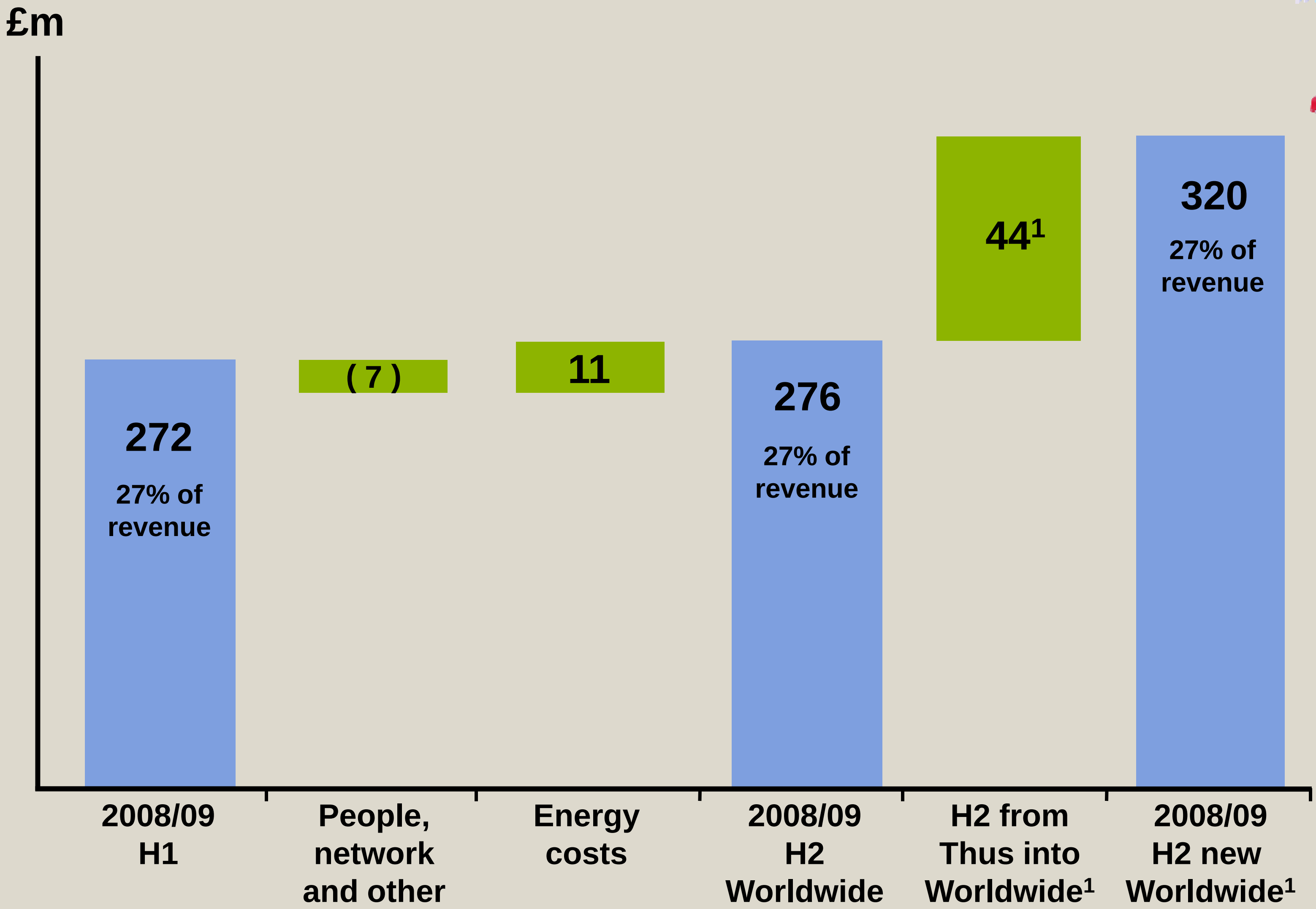
OPERATING COSTS
A 10% EFFICIENCY GAIN



(1) Total Thus opex including Mid market

OPERATING COSTS
HALF ON HALF





(1) Excludes Thus Mid market opex of £27m

UPDATE ON THUS[1]
PAYBACK AS EXPECTED

	FY 2008/09 NOV 08 forecast	FY 2008/09 MAR 09 delivered	FY 2011/12 NOV 08 forecast	FY 2011/12 MAR 09 forecast	
EBITDA[2] SYNERGIES	£7m	£8m	£70m	£75m	Increased forecast for EBITDA synergies
CAPEX SYNERGIES	n/a	£12m	£12m	£15m	Increased forecast for capex synergies
COST TO ACHIEVE	£39m	£39m	£78m	£78m	Cost to achieve on target

	H2 2008/09	FY 2009/10	
TRADING ex SYNERGIES	£21m	c.£25m	Accounting policy changes and short term trading weakness

OVERALL ACQUISITION

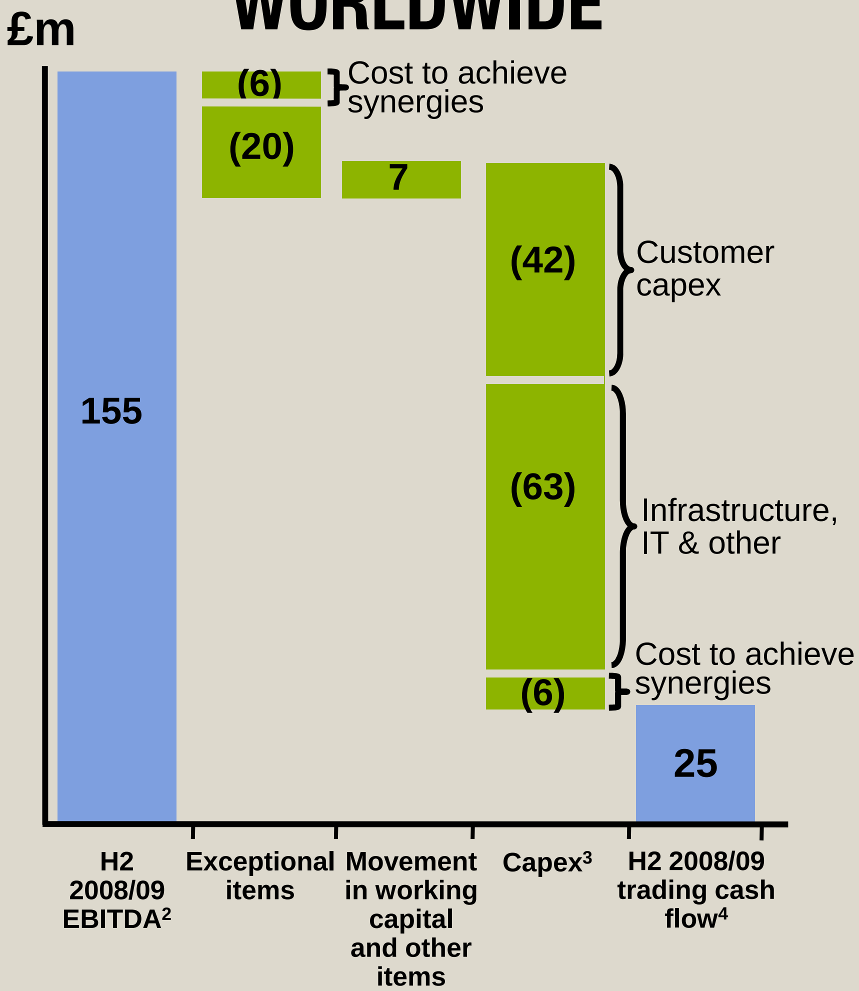
- **2011/12 EBITDA[2] benefit c.£120m**
- **Acquisition cost £443m**

Acquisition multiple 3.7

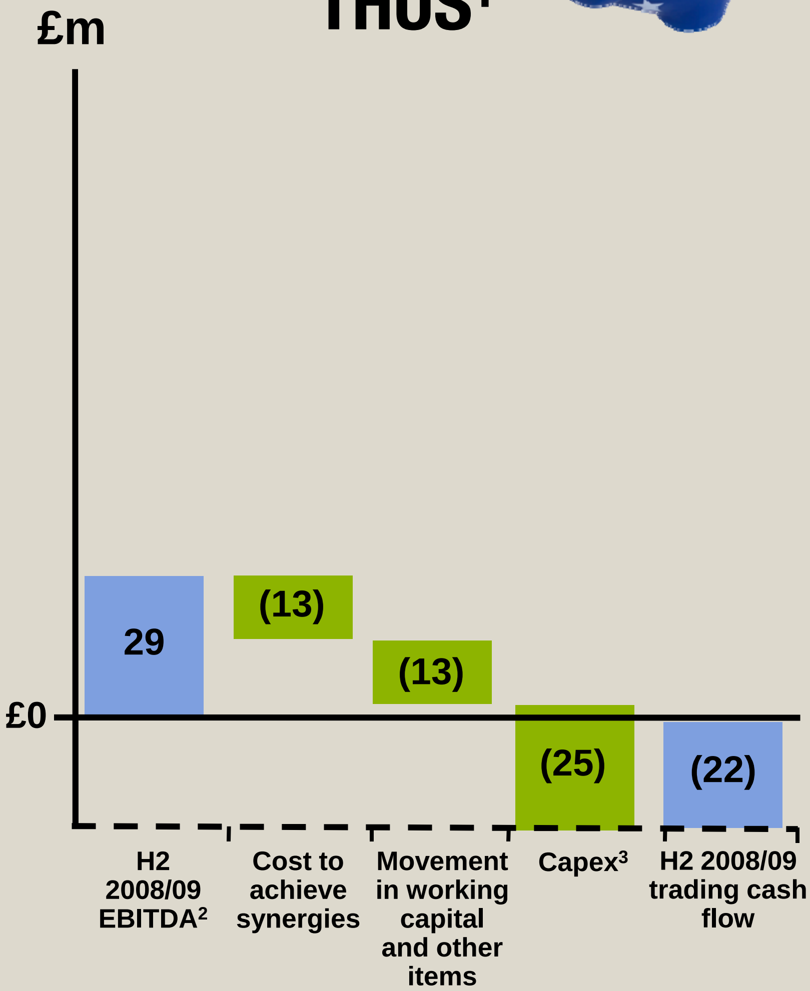
(1) Includes Thus Mid market
(2) Excluding exceptionals

H2 TRADING CASH FLOW
IMPROVEMENT CONTINUES

WORLDWIDE



THUS[1]



(1) Includes Mid market
(2) Excluding exceptional items and LTIP charge
(3) Cash capex
(4) Trading cash flow excludes acquisitions, disposals and contribution to the pension buy-in

OUR RECESSION
SLIGHT FLEXING REQUIRED

MOST KPIs ARE STABLE

Total pipeline up 1%

No change to value of new orders for strategic products

Margin from top 50 customers up 1%

No significant loss in top 50 customers

Price erosion consistent with prior years

SOME SWINGS

Margin from carrier business up 22%

Large circuit orders (>10Mb) up 9%

International orders up 25%

SOME ROUNDABOUTS

Large enterprise sales cycle increased by 12 days (7%)

Total value of smaller orders (<£100k) down 13%

Note: Percentages compare Q4 2008/09 with Q2 2008/09

THE STORY SO FAR…
PROGRESS AND GUIDANCE

OUR BUSINESS:	NOV 2005[1]	MAR 2009[2]
IP, data & hosting as % of revenue	26%	45%[3]
EBITDA[4]	£44m	£326m
EBITDA[4] margin %	2%	14%
Opex as % revenue	36%	27%
Trading cash (outflow)/inflow	£(408)m	£13m
Share of UK Enterprise market	13%	19%

2009/10 GUIDANCE[5]:

EBITDA[4] **c. £430m**

Capex **c. £260m**

Cash exceptionals **c. £90m**

(1) Figures for full year 2005/06 including C&W Access
(2) Includes Thus (Enterprise and Mid market) unless otherwise described
(3) Worldwide excluding Thus Mid market
(4) Excluding exceptional items and LTIP charge
(5) Includes Thus (Enterprise and Mid market)

Tim Pennington

Group Finance Director

Group guidance for 2009/10

On our current view of the economic environment and a planning rate of US$1.50 to £1.00:

Million	CWI	Worldwide	Central	Group
EBITDA[1] - approximately	US$ 935	£430	£(28)	**£1,025**
Capital expenditure - approximately	US$ 325	£260	-	**£477**
Cash exceptionals - approximately	US$ (70)	£(90)	-	**£(137)**

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[1] Excluding exceptional items and LTIP charge

Summary

- Healthy set of results for 2008/09 – EBITDA[1] growth of 36%
- We're confident about our prospects for 2009/10
- EBITDA[1] guidance of over £1 billion for 2009/10
- Robust balance sheet with excellent liquidity
- Value realisation postponed not cancelled
- Dividend growth of 13%

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[1] Excluding exceptional items and LTIP charge

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21 May 2009